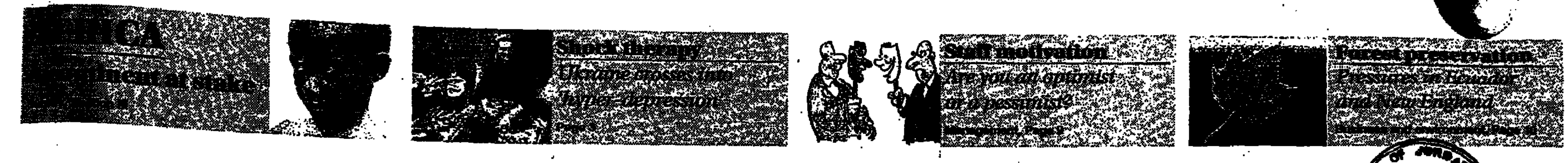


FINANCIAL TIMES

Europe's Business Newspaper
WEDNESDAY SEPTEMBER 1 1993 D8523A

Bosnia Serbs and Moslems edge nearer agreement

Bosnian Serbs and Moslems appeared to be inching closer towards a settlement after officials announced that Bosnian president Alija Izetbegovic and Bosnian Serb leader Radovan Karadzic had agreed to a ceasefire and an early exchange of prisoners. Page 16

Split in Tokyo coalition: Divisions appeared in Japan's coalition government. Prime minister Morihiro Hosokawa was told by a coalition partner not to be distracted by economic and foreign policy at the expense of political reform. Page 16: Economy the power-broker, Page 5

Changes at Hutchison Whampoa:

Simon Murray (left) stepped down as managing director of Hutchison Whampoa, Hong Kong's largest conglomerate. Fellow director Canning Fok takes over in a switch which crystallises the group's evolution from British-style trading company to Chinese corporation. Mr Fok is regarded as a stand-in for Richard Li, who was promoted to deputy chairman. Page 17

Danish budget for jobs: The Danish government plans to pump an extra DKr12bn ($1.6bn) into the economy in a budget designed to cut unemployment. Page 16

Ferruzzi capital shake-up: Shareholders in Ferruzzi Finanziaria (Ferfin), Italy's second biggest private-sector company after Fiat, approved a radical capital restructuring to tackle group borrowings of L28,838bn ($17.5bn). Page 17

Linde profits down: Linde, the German engineering group, announced a fall of more than a third in pre-tax profits for the first six months of the year. It predicted profits for the full year would also be down. Page 18

Brussels backs French: The French campaign for changes in Europe's draft farm trade accord with the US gained ground when the Belgian presidency of the EC said it was open to "a certain renegotiation" of the deal. Page 6

Algerian executions: Algeria executed seven Moslem fundamentalists convicted of involvement in a bomb attack last year at Algiers airport in which nine people died. Among those executed was a pilot with the state airline.

Blow to Elf Aquitaine: Elf Aquitaine, the French oil and gas group and one of the companies that will spearhead Paris's privatisation campaign, announced a drop of almost 60 per cent in first-half profits after a write-down of oil assets. Page 17

Bonn 'impeding growth': The Federation of German Industry (BDI) accused the government of hindering economic growth and adding to pressures on business through higher taxes. West putting east out of business, Page 2

Nigerian poll pledge: Ernest Shonekan, head of Nigeria's unelected government, promised elections within seven months as pro-democracy strikes paralysed Lagos, the country's commercial capital. Page 5

Bechstein rescued: Bechstein, one of Germany's oldest piano manufacturers, was rescued from bankruptcy. Page 17

Gatt deadline set: Trade envoys from 116 countries agreed on December 15 as the deadline for completing a Uruguay Round treaty on tariff-cutting.

Russian treasury plan: Russia is to set up a federal treasury which could act as a substitute for the central bank in the key area of budget implementation and control. Page 3

CS Holding surge: CS Holding, financial services group built around Swiss bank Credit Suisse, reported a 65 per cent jump in first-half net income to SFr882m ($600m). Page 18

Earth moved for Okushiri: An earthquake which rocked northern Japan in July moved the small island of Okushiri about two yards westward, Japan's construction ministry said.

Correction: Yesterday's issue of the Financial Times carried a map on the front page showing that Israel withdrew from occupied Sinai in 1973. The withdrawal in fact took place in phases between 1979 and 1982.

STOCK MARKET INDICES

FT-SE 100:	3100.0	(-0.6)
Yield	3.7	
FT-SE Eurotrack 100	1319.96	(+11.81)
FT-A All-Share	1537.21	(-0.0%)
Nikkei	21,026.60	(+113.91)
New York lunchtime		
Dow Jones Ind Ave	3643.15	(-0.84)
S&P Composite	462.28	(+0.38)

US LUNCHTIME RATES

Federal Funds:	3 1/16%
3-mo Treas Bills: Yld	3.055%
Long Bond	102 1/8
Yield	6.092%

LONDON MONEY

3-mo Interbank	5 15/16%	(5 15/16%)
Liffe long gilt future:	Sep 114 1/32	(Sep 113 7/8)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$17.00	(17.35)

Gold

New York Comex (Sep)	$373.0	(373.3)
London	$371.35	(369.0)

STERLING

New York lunchtime:		
$	1.49	
London:		
$	1.4875	(1.5005)
DM	2.495	(2.5)
FFr	8.72	(8.7475)
SFr	2.2025	(2.2075)
Y	155.75	(156.0)
£ Index	80.5	(80.8)

DOLLAR

New York lunchtime:		
DM	1.677	
FFr	5.8575	
SFr	1.4798	
Y	104.685	
London:		
DM	1.678	(1.6665)
FFr	5.8625	(5.83)
SFr	1.48	(1.472)
Y	104.7	(103.95)
$ Index	65.7	(65.4)

Tokyo close Y 104.18

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10
Belgium	BFr65	Hungary	R 165	Neth	R 3.75	Slovak Rp	KSL45
Bulgaria	Lv25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220
Croatia	HRD5700	India	Rs40	Norway	NKr16.00	South Africa	R12.00
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210
Czech Rp	CZK45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20
Egypt	E£4.50	Kuwait	Fils 600	Poland	Zl 22,000	Syria	S£50.00
Finland	FM12	Lebanon	US$1.25	Portugal	Es215	Tunisia	Din1.250
France	FFr9.00	Lux	LFr65	Qatar	QR12.00	Turkey	L8000
						UAE	Dh11.00

Palestinians split on peace deal as Israel steps up talks

By Julian Ozanne in Jerusalem

DIVISIONS within the Palestinian movement over a proposed peace agreement with Israel widened yesterday as Israel started a round of intense secret contacts with the Palestine Liberation Organisation in Europe.

Senior PLO and Israeli officials continued to insist an agreement on Palestinian self-rule would be signed within two weeks. But senior Palestinian negotiators from within the Israeli-occupied territories raised serious objections to the deal.

The agreement provides for an Israeli withdrawal from the Gaza Strip and West Bank town of Jericho, the handover of the two areas to full Palestinian authority, and a lesser degree of self-rule elsewhere in the West Bank.

As the US-sponsored Middle East peace negotiations entered their 11th round in Washington, Mr Warren Christopher, secretary of state, called the accord "a conceptual breakthrough". The European Community also welcomed the deal.

But Iran denounced the agreement as an Israeli bribe to the PLO: Jordan and Syria were said to be concerned about it and Lebanon became the first Arab state to make public its reservations. However, Mr Mouwafaq al-Allaf, Syria's chief negotiator in Washington, said progress between Israel and the Palestinians would boost peace talks between Israel and other Arab states.

- Shocked Palestinians question price of deal
- Close links likely to remain in economic reconstruction
- Arab leaders hide misgivings

PAGE 4

Mr Faisal Husseini, the leading Palestinian political figure in the occupied territories, yesterday insisted Israel should drop its refusal to talk about occupied east Jerusalem. According to Israeli interpretations of the deal the PLO has given up its claims over east Jerusalem until final status talks commence two years after the interim period of self-rule begins.

"I cannot accept there will be no talks on the future of Jerusalem for two years," he told Liberation, the French newspaper. "If anyone believes we Palestinians can do without east Jerusalem he is completely mistaken ... It is the stumbling block in the talks."

Mrs Hanan Ashrawi, Palestinian spokeswoman, also said a lot of details still had to be worked out and she cautioned against "getting carried away by signals and symptoms before we have something really tied down".

Israel was also last night moving closer to official recognition of the PLO after a PLO official said the organisation's charter, which calls for the return of all lands which now make up the Jewish state, was null and void.

Mr Uzi Baram, Israeli labour minister, said the PLO recognition could be signed in tandem with a preliminary peace package. "We are ready," said Mr Yossi Beilin, deputy foreign minister.

But there were conflicting signals over the conditions Israel might attach to such recognition. Mr Beilin said the PLO would have to delete clauses from its founding charter calling for "armed struggle" and the destruction of the Jewish state. This may be difficult for the PLO.

Both Mr Beilin and Mr Yassir Arafat, PLO chairman, said separately the agreement could be implemented within four months. Mr Beilin said Israel and the Palestinians would begin talks to discuss how to implement the Gaza-Jericho scheme, how to achieve early empowerment of Palestinians in the rest of the West Bank, and how to hold Palestinian elections.

Israel's foreign ministry said Mr Uri Savir, its director-general, had left for Europe for secret talks with PLO officials which would iron out final details of an agreement.

Objections from Palestinians from the occupied-territories over East Jerusalem could fuel internal Palestinian conflict. However, an opinion poll published yesterday said 74 per cent of Palestinians supported the agreement.

Associated Press
Members of a Palestinian guerrilla group spray slogans condemning the peace accord on a wall in Sidon

Hope, dust and fear in occupied zones

By Julian Ozanne in Jericho

THE *moshav* of Na'ma – one of Israel's many settlements in the occupied West Bank – lies in the floor of the sun-baked Jordan valley. The co-operative farm's pre-fabricated houses, many unoccupied, and the empty plots of ploughed earth bear witness to the temporary nature of Israel's settlement policy in such a barren area.

If the Gaza-Jericho peace plan between Israel and Palestinians is signed in Washington this week, Israeli troops will withdraw from an enclave around Jericho, a small, ancient dusty town of cafés, fruit stalls and curio shops strewn with Pepsi-Cola bunting.

The 25 Jewish families who live in Na'ma, wedged in the middle of the future Palestinian-controlled territory, will become guinea pigs for a new form of co-existence between Israelis and Palestinians after decades of mistrust and bloodshed.

"We are going to be the test here in Na'ma," said Mrs Ana Meller, a Russian immigrant who has lived eight years on the farm. "In the past five years there has been a lot of hatred between us and the Arabs. Each time I took my workers to the fields, I was afraid they were going to stab me. I don't want to live like this any more. We must change."

Like Mrs Meller, many farmer-settlers in the Jericho area are supporters of the Labour party, which leads Israel's coalition government, and their farm is subsidised by the labour movement. They moved to the Jordan valley largely because of economic incentives offered by previous governments. They are not fanatical Zionists. A vast majority support the Gaza-Jericho plan, despite fears about what the future may hold.

"If this is the price we have to pay so that my children don't have to go to fight wars like I did and my father did and my grandfather did then it's okay," said Mr Eyal Levi, a vegetable farmer living at Na'ma.

"Our main problem is security. We just don't know what is going to happen. Maybe there will be a problem, maybe not. We hope not."

The Gaza-Jericho plan allows for continued existence of Na'ma and other settlements whose agriculture depends on the underground springs running through Jericho. Mr Levi and most of the settlers near Jericho would like to stay after the Palestinians take control.

But Mr Levi and Mrs Meller say that if the security situation deteriorates they are prepared to take government compensation and leave Na'ma.

Not all West Bank settlers are as moderate. A small minority in Na'ma – supporters of the religious Tsomet party – threatened yesterday to burn their houses if they were forced one day to

Continued on Page 16

Rights issue may boost Euro Disney

By Alice Rawsthorn in Los Angeles

A RIGHTS ISSUE is one of the main options under consideration in the proposed financial restructuring of Euro Disney, according to Mr Michael Eisner, chairman of Walt Disney, the US entertainment company which is its largest shareholder.

Mr Eisner stressed in an interview with the Financial Times that the financial restructuring of Euro Disney was still at a preparatory stage and that the two companies had not yet decided on the composition of the final package. However, he said: "A rights issue is one of a list of 10 very good ideas."

Euro Disney, which has been plagued by financial problems since the opening of the EuroDisneyland theme park outside Paris in April last year, announced in July that it needed to restructure its finances.

The group, which expected to be profitable from its opening year, is expected by analysts to make a net loss of more than FFr1.8bn ($300m) in the financial year which ends this month, up from a loss of FFr188m last year. Its net debt has risen from FFr18.5bn to FFr20.3bn during this financial year.

Euro Disney has been forced to ask Walt Disney, which owns 49 per cent of its shares, for financial support while it restructures its finances. Walt Disney has promised to ensure that it has enough cash to fund working capital and short-term investment until next March.

Mr Eisner said Euro Disney had so far met its own cash requirements. "We are looking to be supportive and helpful to Euro Disney," he added. He declined to comment on speculation that his company might provide new capital to Euro Disney as part of the restructuring.

He said he hoped that the proposals for the package would be decided by March and that it would be completed before the end of next summer.

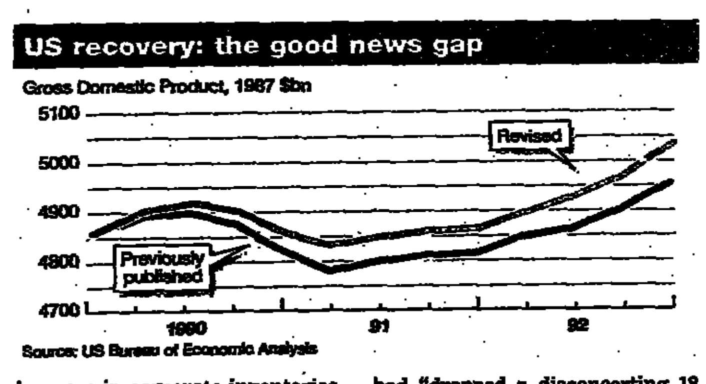
In the meantime the two companies are examining ways of improving EuroDisneyland's performance. Mr Eisner said they planned to cut costs further.

Eisner interview, Page 15
Lex, Page 16

Revised GDP figures suggest 'mild' 1990-91 recession

Pace of US growth outstrips quarterly forecasts

By Michael Prowse in Washington



THE US economy grew at an annual rate of 1.8 per cent in the second quarter this year, nearly twice as fast as most Wall Street analysts expected, revised figures from the Commerce Department indicated yesterday.

Officials also announced the biggest revision to earlier estimates of growth in gross domestic product for 20 years. The new figures show that the economy grew at a real rate of 3.9 per cent in the year to the fourth quarter of 1992 – a period in which candidate Bill Clinton capitalised on the supposed economic failure of former president George Bush.

Analysts had predicted growth at an annual rate of just 1 per cent in the second quarter following the release of unexpectedly poor trade figures for June. However, the impact of the trade figures was more than offset by upward revisions to federal, state and local government spending and a larger-than-expected increase in corporate inventories.

The composition of growth was encouraging, with consumer spending and business investment increasing at annual rates of 3.2 per cent and 14.4 per cent respectively.

Real GDP grew at an annual rate of 0.8 per cent in the first quarter, as consumers retrenched after a binge at the end of last year when GDP grew at a revised annual rate of 5.7 per cent, the fastest since 1987.

Figures for consumer confidence released yesterday showed no improvement in August, despite passage of President Clinton's budget, which ended uncertainty about future tax rates.

The closely watched index compiled by the Conference Board, a New York business analysis group, registered 59 in August, unchanged from July and far below the readings of 100 plus that would be normal in a robust recovery.

Mr Fabian Linden, for the Conference Board, said confidence had "dropped a disconcerting 18 points" since the beginning of the year. The number of respondents fearing worsening business conditions had steadily risen. There was no sign in the latest consumer survey of an imminent acceleration of economic growth, he said.

Most private sector economists, however, are still predicting a revival of growth in the second half to an annual rate of 2.5-3 per cent, reflecting the stimulative effect of recent falls in long-term interest rates.

The benchmark revisions to GDP amounted to a rewriting of economic history. The new figures suggest that the recession of 1990-91 was mild, with GDP falling only 1.6 per cent from peak to trough, rather than 2.2 per cent as previously thought. The subsequent recovery was stronger with real GDP growing at an average annual rate of 2.4 per cent rather than 2 per cent.

A mild recession, Page 6

CONTENTS

Germany's recession is making internal competition fiercer

West putting east out of business

By Judy Dempsey
in Berlin

PERSISTENTLY high production costs in eastern Germany are preventing the region's companies from competing with their western counterparts and are contributing to a high rate of insolvencies, according to a survey by the Halle Institute for Economic Forecasting (IWH).

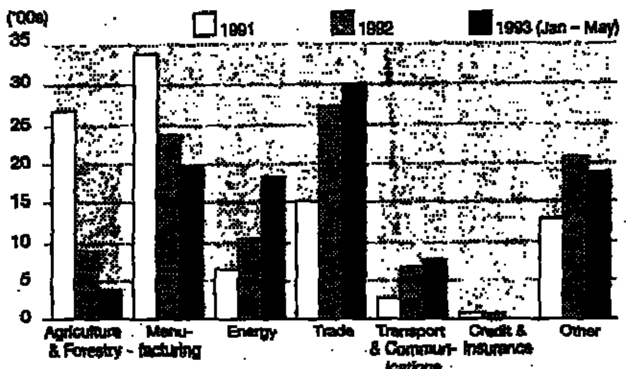
A survey of 300 eastern enterprises shows how the recession in western Germany is encouraging companies there to compete for new markets in the east of the country. Faced with "this aggressive price policy", the east is finding it impossible to compete because of its high production costs.

The latter are a result of unrealistically high wages in eastern Germany. These are currently around 80 per cent of western levels, and will reach parity by 1996, despite productivity levels which are lagging behind western Länder, or states, by as much as 70 per cent in some sectors.

Many enterprises bought or set up by local, west German or foreign investors have been cushioned from the effects of high wage costs by investment subsidies.

Nevertheless, the level of insolvencies suggests that a stable and expanding market is far from certain.

Eastern Germany: Insolvencies by sector



Source: Halle Institute for Economic Forecasting (IWH)

For instance, the IWH survey shows that private businesses have chosen to concentrate on the local market, even for services. What is not clear is at what point this market becomes saturated or, indeed, if the goods produced will ever be competitive enough to gain a niche in the export sector.

More than 1,185 insolvencies were recorded in 1992 and had already reached that level half way through this year. The rise reflects the end of the consumer boom as indicated by the sharp rise in personal savings. For the first six months of this year, savings rose by nearly DM4bn (£1.6bn), or 4.5 per cent, compared to the same period last year.

Insolvencies were most marked in construction, the main growth sector in eastern Germany. The percentage of insolvencies was 30 per cent above the 1992 level.

New accusation by VW over Opel secrets affair

By Christopher Parkes
in Frankfurt

ADAM OPEL is doing everything it can to prevent a "factual" discussion of its industrial espionage allegations against Volkswagen executives, while fuelling rumours to destabilise the Wolfsburg group, VW charged yesterday.

Volkswagen employees might also be involved in spreading false stories and media manipulation, in which Opel "played a role", according to Mr Otto Ferdinand Wachs, a VW spokesman.

Mr Wachs was responding to a newspaper report, promptly denied by the legal authorities yesterday, that public prosecutors were considering arresting Mr José Ignacio López de Arriortúa, the VW production director at the centre of the row between the two groups.

"Interested parties" – which did not include the prosecutors' office, Mr Wachs stressed – might also have an interest in unsettling members of VW's supervisory board, due to meet on Friday to hear a report on an independent internal investigation of the allegations.

Meanwhile, Mr López cancelled a talk he was to have delivered to FDP Liberal Democrat MPs in Nuremberg this week. It is understood he was urged to do so for fear of compromising efforts to bring Mr David Herman, Opel chairman, to the negotiating table with Mr Ferdinand Piëch, VW head.

Mr Günter Rexrodt, economics minister, who is trying to fix a meeting, is a senior FDP member; Mr Otto Lambsdorff, former party chairman, is on the VW supervisory board.

According to Mr Wachs, Mr Herman had shown "no interest at all" in meeting Mr Piëch after further efforts by Mr Rexrodt last Thursday. "Opel always diverts the discussion with new arguments," he said.

General Motors last night dismissed his statements as "absolutely absurd". Opel has said repeatedly that communications can start only if Mr Piëch withdraws insinuations that the company is spearheading a US war against VW and may have planted evidence against Mr López.

Bonn blamed for impeding growth

THE Federation of German Industry (BDI) yesterday accused the government of impeding economic growth and increasing pressure on business through higher taxes, Reuter reports from Bonn.

In a strongly worded report on Germany's competitiveness as a production centre, the BDI said industry was already suffering from a serious cost crisis and losing ground to foreign competitors.

Planned increases in petrol tax, the reintroduction of a "solidarity surcharge" on income tax from 1995, and higher pension contributions, would be a new "cost shock" for German companies and workers, the report said.

"Current economic and financial policy is having the effect of braking growth because it is over-stretching the economy's performance and, through excessive taxes, destroying incentives to perform better," the BDI said.

The industry group expressed concern about the size of Germany's public sector and the level of state debt.

It estimated that the proportion of gross national product accounted for by the state would reach a record 52 per cent this year, well above levels of 36 per cent in the US and 32 per cent in Japan.

"With some exaggeration, these developments mean that Germany is on the way to becoming a state economy," the BDI said.

EBRD faces row over loan to Slovak plant

By Kenneth Gooding,
Mining Correspondent

THE EUROPEAN Bank for Reconstruction and Development is considering a $125m investment in a new aluminium smelter at Ziar nad Hronom in Slovakia to replace a high-pollution plant.

The investment, involving the first big loan since the resignation of Mr Jacques Attali as head of the bank, is bound to create some controversy. There is substantial overcapacity in the aluminium industry and the republic has no bauxite – raw material for aluminium – and no source of cheap energy for what is an energy-intensive process.

However, the bank suggests there would be only a marginal increase in Europe's primary aluminium production capacity because two existing lines, producing 70,000 tonnes a year, would be shut down to make way for the new smelter, which would produce 108,500-132,000 tonnes annually. It also claims the operating costs would be "well within the lowest third of all smelters" because of the technology employed and because of low labour costs.

Aluminium prices are currently near their lowest levels but the bank says that even if they drop further the smelter company would remain competitive. If, as expected, prices recovered in the medium term, it would be highly profitable, enabling it to clean up past pollution and enabling ZSNP, the state company which owns the existing metallurgical complex, to be privatised.

If the bank's board approves, it would lend up to $110m and take an equity investment of $15m in Slovalco, a new company established specifically for the project, and which would employ 500. This would give the bank 10 per cent of the issued capital but 20 per cent of the votes.

Hydro Aluminium, a subsidiary of Norway's Norsk Hydro, which is supplying key smelter technology, would also invest $15m for a 10 per cent stake.

ZSNP, which would own the rest of Slovalco, has been producing alumina, an intermediate material, aluminium and some aluminium products such as door and window frames since 1953 and currently employs 6,000 people.

The plant started to replace its old smelters in 1986. However, it ran out of money when the project was 65 per cent complete. The bank points out that not completing the new smelter would probably result in a write-off of the $185m already spent, with no possibility for local banks or the National Property Fund to recover their investments in the project.

Boost in view for French television

By David Buchan in Paris

THE Balladur government is planning to give France's audiovisual industry a regulatory and financial boost in an attempt to stem mounting competition from the US.

The moves, according to Mr Alain Carignon, France's communications minister, will include freer investment rules and easier licence renewal for France's three main private TV stations, permission for French or European-made programmes (as distinct from imports from Hollywood) to be interrupted more frequently by advertising breaks, and the appointment of France's current envoy to the UN to be its "audiovisual ambassador" in the Gatt talks.

Mr Carignon complained this week that Britain had not incorporated recent EC legislation recommending intra-Community broadcasters carry a majority of EC-made programmes on their airwaves, into its rules on cable and satellite transmission. He warned France might take Britain, which has authorised broadcasts by the TNT and Cartoon satellite channels from September 17, to the European Court of Justice.

His officials estimate that allowing the TF1 and M6 private TV stations to increase the number of advertising breaks in French or EC-made programmes from one to two would earn them an extra FFr200m (£22.7m) a year. The French government already directly pays French feature film-makers nearly FFr1bn a year, and local TV programme makers over FFr 700m a year.

The minister plans to present legislation this autumn to raise from 25 to 50 per cent the ceiling on a single shareholder's investment in private TV stations. The government does not intend to privatise the state-owned France 2 and 3 channels. It aims, from autumn 1994, to put a station broadcasting training skills to France's 3m jobless on the airwaves once occupied by the La Cinq channel.

Walloon protest flags Belgium's cultural divide

By Andrew Hill in Brussels

AT 8am today a socialist member of the European parliament will hang a black-bordered Walloon flag outside a town hall in eastern Belgium.

Mr José Happart's symbolic gesture is not a belated expression of grief at the death a month ago of Belgium's much loved King Baudouin. He is mourning the day, 30 years ago, when the Belgian government laid down the linguistic frontier between French-speaking Walloons in the south, and Dutch-speaking Flemings in the north.

Belgium's deep linguistic scars, which the late king often had to soothe, run across the small cluster of villages where Mr Happart will stage his protest – the Fourons, or, in Dutch, Voeren.

Equidistant from Maastricht in the Netherlands, Aachen in Germany and Liège in Wallonia, most of the villages' 4,200 inhabitants speak a Germanic dialect. Two-thirds also consider themselves French-speakers. But, in 1963, it was decided that for administrative purposes the villages, instead of staying in Wallonia, would become part of Flanders.

The francophone Happart family has been at the centre of resistance to that decision, fighting for the right to French culture through the Action Fouronnaise campaign. Recently, the tension has only come to the surface in tame rows about which regional flag to hoist over the town hall. During the 1970s and early 1980s, however, the villages were caught up in violent demonstrations between Walloon and Flemish militants. The Fourons/Voeren problem was blamed for the collapse of several national coalitions.

Mr Happart and his allies claim that their constant pressure for special treatment of the villages helped shape the recent constitutional reforms in Belgium, which devolved more powers to the country's regional authorities. But he warns: "Every time there's an inter-institutional solution for the rest of Belgium, people say the Fourons is no longer a problem. But there isn't yet an acceptable solution, so whether it's in the short or medium term, the problem is bound to erupt again."

The French-speakers' blunt demand that the villages be returned to Wallonia, however, seems to have been scaled back. In an interview with the francophone daily, Le Soir, published yesterday, Mr Nico Droeven, French-speaking mayor of the Fourons, said he could accept geographical membership of Flanders, provided inhabitants had the right to choose between Flemish or Walloon administrations.

Recent months have seen a surge in the national movement against separatism. But with several Flemish politicians still openly backing independence for Flanders, Mr Happart's protest will act as a warning to Belgium's new king, Albert II, and the country's fragile centre-left coalition government that they will have to work hard to keep Belgians together.

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Ukraine's divisions blamed for slide into 'hyper-depression'

Chrystia Freeland reports on a seriously sick economy

FOR 10 months Mr Viktor Pynzenyk, an energetic economist in his thirties, tirelessly preached the twin gospel of fiscal restraint and privatisation to his conservative colleagues in the Ukrainian cabinet. As Ukraine's soaring inflation rate and sluggish privatisation programme attest, Mr Pynzenyk's advice usually fell on deaf ears. On Friday, he gave up.

In an emotional live television address Mr Pynzenyk resigned from his post as deputy prime minister responsible for economic policy, declaring that the possibilities for introducing market reforms in the second-largest former Soviet republic had been exhausted. He said the economy was "catastrophic".

Mr Pynzenyk was not resorting to the hyperbole beloved of resigning politicians.

"Ukraine has entered a qualitatively new stage, which is unprecedented in economic history. I call it hyper-depression," said Mr Daniel Kaufmann, head of the World Bank mission to Ukraine.

And yesterday Mr Leonid Kuchma, the prime minister, presented parliament with an emergency programme of anti-inflationary measures to prevent the total collapse of the financial system and warned of "tragedy" ahead.

Mr Kuchma called for the centralisation of all power in the government's hands, including control of the central bank.

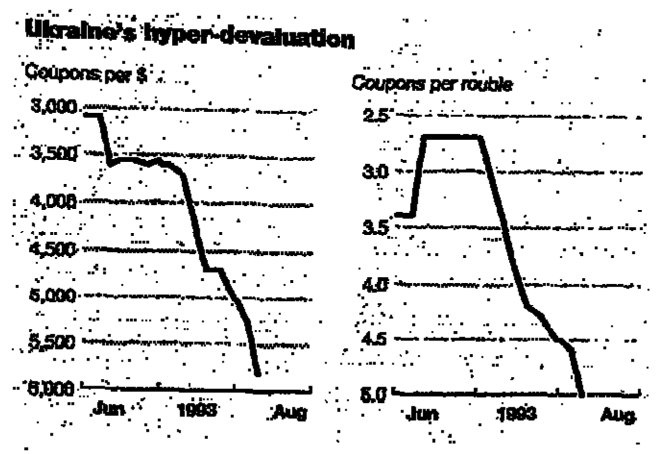
"Emergency economic measures are absolutely vital," he said. "All of eastern Europe has gone through crisis. It is difficult to change a shovel into a computer."

Inflation is more than 50 per cent a month, which has pushed the value of the coupon from 2,000 to the dollar in March to nearly 6,000 in mid-August, at a time when the Russian rouble has begun to appreciate against the dollar.

On top of home-grown hyperinflation – fueled by a policy of issuing credits to agriculture and industry which have already exceeded the total gross national product predicted by the government at the beginning of the year – Ukraine has a balance of payments crisis, triggered by Russia's shift to world prices for the oil and gas upon which it has traditionally been dependent. Mr Kuchma predicts that by the end of the year the country's trade deficit will exceed \$2bn (£1.3bn).

In the second weekend of August Mr Kuchma was on the telephone at 10 o'clock at night anxiously trying to reach the

Ukraine's hyper-devaluation



Russian prime minister to persuade him to turn on the oil taps. Russia, which is owed Rbs850bn for oil it has already supplied to Ukraine, cut off all supplies for the first 10 days of August.

Informed that the Russian prime minister was en route to his dacha and could not come to the telephone, a beleaguered Mr Kuchma described Ukraine's economic predicament as "a catastrophe". (For the time being Russia has resumed supplying oil to Ukraine, but future supplies are uncertain.)

"With this combination of economic problems, Ukraine has only two choices: intended or unintended adjustment," says Mr Kaufmann. Unless the government adopts radical reforms soon, "the likelihood of a significant economic implosion is very high".

The only good news is that the Ukrainian government, which has been paralysed by internal divisions, has at last begun to grasp the seriousness of the crisis, although it is clearly still divided over what to do about it.

Ukrainian leaders hope they will manage to soften the economic blow by persuading Russia – perhaps by dint of concessions over, for instance, the Black Sea fleet – to back off from its plan to raise oil prices, currently \$80 a tonne, to \$100 a tonne on January 1 1994. However, pragmatists in the Ukrainian government doubt Russia can be dissuaded from the shift to world prices, which the International Monetary Fund has encouraged.

Meanwhile, Mr Kuchma's emergency plan will be hard to sell in cities such as Kharkiv, where massive defence enterprises such as the Malyshev factory, which built the Soviet Union's most advanced tanks but has had no military orders for more than two years, are accustomed to surviving solely on government subsidies.

Kharkiv's "red directors" spent a tempestuous two-hour meeting with Mr Kuchma recently railing against "privatisation, commercialisation and corporatisation, which have given us nothing" and urging the prime minister to adopt a "market" strategy "based not on market forces but on the state".

Kharkiv's industrialists do not lack sympathisers in the Ukrainian cabinet, which earlier this month seriously debated one deputy prime minister's proposal to return to central planning. But Mr Kuchma, himself the former director of a missilefactory, warned his erstwhile colleagues that "I must underscore that in our programme there will not be a single element which calls for a return to the command-administrative system".

Mr Kuchma's plans could also be thwarted by President Leonid Kravchuk, who is locked in a long-running political battle with his prime minister, and a parliament dominated by ex-communists.

The only green shoot in the Ukrainian economic landscape – and the element which could relieve Mr Kuchma's fear that Ukraine risks becoming "a second Yugoslavia" – is the booming agricultural sector.

Ukrainian farmers are reaping a bumper harvest, expected to exceed 40m tonnes of grain. Unlike last year, when the government purchase price was less than a twentieth of world rates, this summer the Ukrainian government has been paying close to 80 per cent of the world price and farmers are responding by selling enough to the state to ensure that Ukrainian cities will not go hungry this winter.

Reuter

President Yeltsin watches manoeuvres at the Taman Guards base near Moscow yesterday. He promised to draft extra professional soldiers into the army to make it more efficient.

Bank may lose control over Russia budget

By John Lloyd in Moscow

THE Russian government is to set up a federal treasury, which could act as a substitute for the central bank in the key area of budget implementation and control.

The idea of creating a parallel structure which would take over the crucial budgetary functions of the central bank has been long mooted. It has a legal foundation in a decree signed last December by President Boris Yeltsin. Now, according to reports in the daily Kommersant and the Interfax news agency, the project is well advanced.

Kommersant said the treasury would "supervise all operations which have to do with budgetary resources" and would be "like a bank, with government funds being paid in and out". It would be under the control of a deputy finance minister, with its headquarters within the Finance Ministry, offices in the regions and republics, and branches at district and city level.

As well as depriving the central bank of one of its main functions – that of crediting budget expenditure – the government also plans to reduce parliament's authority over the budget to merely confirming it once it has been presented by the president.

The aim is to address the problem of the central bank authorising greater expenditure than that provided for in the government budget. But it would do so through the classic Russian method of sidestepping a problem by creating a new organisation to deal with it.

● Mr Yeltsin has vetoed a banking law passed by parliament in July which ordered the central bank to review licences already granted to a handful of foreign banks, including Crédit Lyonnais, Société Générale, Dresdner Bank and the Bank of China, on the grounds that it put "unjust" limits on them.

● The final 30 soldiers at Russia's last military base in Lithuania left their barracks yesterday and headed for Kaunas railway station on their way home from the Baltic state, Reuter reports.

Czech economy set for recovery

THE Czech economy will begin its recovery in the second half of this year and expand more rapidly in 1994, according to Mr Jiri Pospisil, the monetary policy director at the Czech National Bank, writes **Patrick Blum in Prague.**

"Private consumption is growing. The government is relaxing its restrictive policy and we expect a rise in public consumption in the second half. There has been a rise in imports of investment goods, and the construction sector is doing well," he said.

A 4 per cent fall in industrial production for the first six months exaggerated the impact of temporary factors, he said. Many businesses closed for inventories before the country's split and the introduction of value added tax. An estimated 30-40 per cent drop in exports to Slovakia was offset by export growth elsewhere.

Success hinges on revival of Palestinian economy

By Julian Ozanne in Jericho

PALESTINIANS preparing to assume interim self-government in the Israeli-occupied territories will face a huge challenge to reverse the economic decline of the West Bank and Gaza.

The economies of Israel and the territories are likely to remain closely linked and Palestinian and Israeli economists believe both could benefit from an influx of international aid and private investment into a Palestinian entity. Opportunities for expanded trade, combined with economic liberalisation and regional integration, could provide the basis for sustainable peace and an economic boom.

The economy in the territories, however, is underdeveloped and depressed. Combined gross national product per capita of the 1.7m residents of the West Bank and Gaza in 1991 was $1,800 – 16 per cent of Israel's $10,878. Almost a third of the economy of the occupied territories is derived, traditionally, from sales of Palestinian goods and labour into Israel.

Agriculture contributes 25 per cent of the economy, absorbs 23 per cent of the labour force and accounts for 60 per cent of exports. Israel's dependence on the territories is small – they contribute less than 3 per cent of Israel's gross national product – a figure that is declining with the substitution of immigrant labourers in the place of Palestinians.

The Gaza economy – which will be the initial focus of an expanded Palestinian authority – is much the worst hit, with income per head of less than $850. Gaza, a 360 sq km strip of land, is home to 780,000 Palestinians, many living in sprawling shanty refugee camps. Gaza has also been more severely hit by the five-month closure of the territories which has cut off at least 20,000 migrant labourers and their families from their only source of income – work in Israel.

Before the latest closure, the economy was already suffering from a long-term lack of job-creating investment, a restrictive trade regime with Israel and a population growing at 4.7 per cent a year. Unemployment is estimated at 40-50 per cent.

Mr Yassir Arafat, Palestine Liberation Organisation chairman, will wish to act swiftly to redress growing poverty in Gaza, a breeding ground for Islamic fundamentalism and opposition to the PLO – a goal shared by Israel. Palestinians are putting much faith in a Marshall-style investment plan of several billion dollars over five years. The World Bank has recommended $1bn over five years, a figure Palestinians and Israelis believe is too small.

Israel is backing external investment because the peace process will be made or broken by economic development. Many economists say the costs for the territories of severing economic relationships with Israel would be prohibitively high.

Mr Ezra Sadan, a former director-general of the finance ministry, has said: "If Gaza disconnects from our economy it will become a mini-Bangladesh. It will have a kamikaze economy. I wouldn't like to have a kamikaze as my neighbour."

Furthermore, any economic growth in the territories will help Israel by increasing the demand for Israeli goods and services because Israel will remain the Palestinians' key trading partner.

Israel also hopes that economic growth in the territories will create jobs for Palestinians, thereby reducing migrant labour which would in turn free jobs for Israelis suffering from 11 per cent unemployment.

However economists have said that the ability of the occupied territories to absorb capital is limited, given the poor infrastructure and administration and the size of the domestic economy.

Considerable job-creating investment could be soaked up in a public works programme but industrial development will be much slower. Ambitious Palestinian plans for an airport and port are likely to be uneconomic.

Most economists agree that, at least for a five-year period, Israel will continue to have a powerful influence over the shape of Palestinian economic policy, particularly regarding the development of industries which could compete with Israel's protected markets.

A recent Harvard University report on economic transition recommended the development of free trade between the Palestinian, Israeli and Jordanian economies as the key to mutual economic growth.

It recommended that Palestinians assume leadership and utilise the institutions of Israel's civil administration in the territories, harmonise the tax structure with Israel and introduce the Jordanian dinar as legal tender.

Anger in refugee camps at meagre offer of land

James Whittington finds opposition to Arafat is mounting

CRAMPED and crowded, the Bekaa Camp in Jordan houses over 90,000 refugees, most of whom were displaced when Israel seized the West Bank and Gaza Strip in 1967. Palestinians in the camp see no prospect for an improvement in their lives as a result of agreement between the Palestine Liberation Organisation for autonomy in the Gaza Strip and West Bank town of Jericho.

The latest bon mot in the sprawling camp west of Amman plays on the Arabic for Jericho (Ariha) which sounds like the word "smell" or "stench".

The general consensus is that the Gaza-Jericho accord "stinks and means absolutely nothing," according to Ayman Shahin, a 22-year-old pharmacy student at the University of Jordan who was born in the camp. "[Yassir] Arafat has sold Palestine and over 40 years of struggle," he says. The refugees are angry at the modest size of the land offered and they fear that this small step will be the last.

Large families are cramped into small concrete and corrugated iron huts where economic deprivation is prevalent. Although all the Palestinian factions are represented in the Bekaa camp, it has traditionally been a stronghold for Mr Arafat's mainstream Fatah group.

However, in recent months opposition to the peace talks and the curtailment of financial aid and welfare benefits from the cash-trapped PLO has led to disillusion and contempt for Mr Arafat's policies.

The refugees fear the worst from the Gaza/Jericho accord. They refuse to believe Mr Arafat's claim that the deal will be the initial stage to a full Israeli hand-over of the West Bank and they see little improvement for themselves should the deal be implemented.

In some quarters of the camp there is open hostility or murderous undertones at the mention of Mr Arafat's name.

Fuelling the anger are various Islamic groups, particularly Hamas which has seen support grow since the inception of the peace process in Madrid in 1991.

Bands of fundamentalists can be seen walking around the camp lobbying for support of their rejectionist policies of an all-or-nothing deal with Israel. Their uncompromising stance is that either they take all the pre-1967 lands back immediately and capture the rest of Israel later or the armed struggle will continue.

The Amman-based spokesman for Hamas, Mr Mohammed Nazal, condemns the agreement as "an end to Palestinian hope". Furthermore he predicts that it could lead to increased inter-Palestinian rivalry and possibly civil war both inside and outside the occupied territories.

The majority of Palestinians in the camp support the Hamas line of continued armed resistance, whatever the outcome of the current 11th round of peace talks.

Jordan is home to the largest number of Palestinian refugees. Figures from the United Nations Relief and Works Agency show that in 1992 more than 1.1m refugees were registered in the kingdom. Almost 70 per cent of Jordan's population is Palestinian and one quarter of the country's population are considered refugees. The future of the refugees is an important point of discussion on the Israeli-Jordanian track at the peace negotiations, but the Palestinians in Bekaa are not comforted by discussions and the peace agenda. In the al-Hussein refugee camp in the heart of Amman, refugees reacted with anger or resignation.

"We reject all of this because all of Palestine, from the Jordan to the Mediterranean is ours," said Mr Adnan al-Hindi, a Hamas supporter who runs a pharmacy in the Amman camp. "These people [Arafat and the PLO] either gave up half way through our struggle... or are traitors," added Mr Hindi, who was born in the town of Qibab and who has been a refugee in Jordan since the 1948 war.

But Sami Ahmed, a butcher at al-Hussein who supports Mr Arafat, said: "We have no choice but to accept the Gaza-Jericho plan... We have been fighting the Jews for 45 years and we got nowhere. Now we have to make concessions to get somewhere."

"We have had enough statements and heroics," said Mr Hussein Abdullah, 60, and a merchant in the Ain al-Hilweh part of Amman.

"Thousands of Palestinian martyrs have fallen in the armed struggle but nothing has been achieved. Perhaps this step is a beginning to building an independent Palestinian state."

Reuter

Palestinians examine the front page of an Arabic-language newspaper in Jerusalem's Old City yesterday. Above is a map on sale showing Israel settlements in the occupied territories

Arafat takes the biggest gamble of his life

Shocked Palestinians question price of deal

By Lamis Andoni in Amman

MR Yassir Arafat, chairman of the Palestine Liberation Organisation, the man who has consistently amazed enemies and followers alike with his ability to survive internal and external threats, is taking the biggest gamble of his life.

By defying the opposition of segments of the Palestinian leadership to an historic agreement with Israel, Mr Arafat is putting at stake his credibility, his constituency and, perhaps, his life. At risk, many critics believe, may be the very survival of the PLO and a united Palestinian quest for what they consider their national rights and territories.

Mr Arafat's decision to do a deal with Israel without consulting either the main Palestinian decision-making bodies or other Arab participants to the peace talks, shows that he and a close circle of confidants have decided to take the Palestinian negotiations with Israel into their own hands.

The PLO chairman has been under considerable pressure to accommodate Israeli demands, not only politically from some Arab states and the US but also by virtue of the PLO's ruinous financial state. Yet, according to some of his colleagues, rather than being concerned over concessions made, he is euphoric over having finally got the Israeli government to negotiate directly with the PLO after years of its having been dismissed as a "terrorist organisation".

But in many Palestinian eyes, Mr Arafat is paying a dear price for attaining de facto Israeli recognition. It appears to entail his approval to postpone negotiations over the status of Jerusalem and Israeli settlements in the occupied territories. Furthermore, his apparent disregard for the PLO's main agencies in securing the agreement have given fuel to Palestinian opponents who claim that he is contributing to the destruction of the organisation's institutions, already severely weakened by its post Gulf War financial crisis.

Two prominent members of the Palestinian delegation, Ms Hanan Ashrawi and Mr Saeb Erekat, indicated in statements yesterday in Washington that from now on the PLO should take complete responsibility for the consequences of its agreement with Israel.

Privately, many members of the delegation – which was hand-picked by the PLO – have repeatedly complained that Mr Arafat was not serious about the Washington negotiations, except as a vehicle to compel the Israelis to talk directly to the PLO, and for the US to resume its dialogue with the organisation.

Such a view is gaining ground among Palestinian opponents who fear Mr Arafat could now be forced to accept Israeli conditions which would, in their view, strip from the PLO its historic role as the embodiment of Palestinian national rights. Israel's declared willingness to provide security for Mr Arafat – whose life has already been threatened by radical Palestinian groups – if he decides to live in Jericho, have added to this sentiment and has been read by some as an Israeli attempt to discredit him as the symbol of Palestinian nationalism.

Such arguments highlight the difficulty inherent in Mr Arafat winning recognition.

Central to this dilemma is Israel's apparent condition that the PLO modify the Palestinian Charter, which calls for the liberation of all the lands considered as Palestinian – a clause which has long been synonymous with a call for the destruction of Israel.

To effect such changes to the charter, Mr Arafat would have to convene the Palestine National Council (PNC), the Palestinian government-in-exile, something which would, in turn, risk raising opposition within this broad body to any participation in the negotiating process.

Other apparent Israeli conditions for recognition could prove stiffer still to enact: a public renunciation of armed struggle, and the dropping of demands for the repatriation and compensation of Palestinian refugees displaced in 1948.

Mr Arafat is trying to sidestep the first condition by arguing, as he did in statements in Egypt yesterday, that by renouncing terrorism, as the PLO did in 1988, and by joining the peace process, the PLO has already delivered this condition. But it far harder to see how the PLO could issue a statement abandoning the rights of the 1948 refugees in the Palestinian camps in Lebanon and Jordan.

As details of the deal with Israel continue to emerge, the fragmented opposition to it is, from an initial position of surprise, starting to consider counter moves.

Arab leaders hide any misgivings

By Mark Nicholson in Cairo

KING HUSSEIN of Jordan yesterday flew unexpectedly to Damascus for talks with President Hafez al-Assad, the Syrian leader, in the hope of co-ordinating the two countries' response to the proposed Palestinian deal with Israel – one which took both leaders by surprise.

Neither Jordan nor Syria has yet ventured any formal reaction to the deal apart, as one diplomat put it, for "King Hussein's eloquent departure to Damascus". However, politicians and diplomats in Amman said the King was displeased with the absence of consultation before the agreement and said that both Syria and Jordan fear that Mr Yassir Arafat, chairman of the Palestinian Liberation Organisation, has conceded too much to Israel too soon.

In Egypt, Mr Arafat denied there were any misgivings in Amman or Damascus and said before talks yesterday with President Hosni Mubarak, the Egyptian leader, that it was "completely incorrect that they (Syria and Jordan) are not happy with the accord". He added: "There was a telephone call yesterday between me and his majesty King Hussein... and I am confident of this aspect of the relation of Palestinian-Jordanian co-ordination."

But senior Jordanian officials said that the telephone call was the first the King had heard of the deal and that the monarch was angered that Mr Arafat should have reached in secret an arrangement which bears directly on Jordan's national interests. "If governments are not aware of what neighbours are doing, they are not going to be happy," said one prominent Jordanian. "The lack of co-ordination has left everyone with questions to ask, and answers to expect."

Both Jordan and Syria are understood to feel the separate Palestinian accord will place both countries under greater pressure from Israel to conclude their own bilateral peace agreements with Tel Aviv, while compromising elements of their bargaining positions.

Both governments are also understood to be concerned that the agreement has failed to win sufficient Israeli concessions on the questions of Israeli settlements in the occupied territories and on the status of Jerusalem – a city with particularly deep symbolic significance to King Hussein's Hashemite monarchy.

Diplomats said King Hussein's talks in Damascus would have been aimed at cementing a united response while also determining Syria's position towards rejectionist Palestinian groups, hosted by Damascus, which could threaten violent opposition to the agreement.

Both Syria and Jordan have maintained they would not conclude separate peace deals with Israel without the Palestinians having first won a satisfactory agreement of their own. King Hussein will now be concerned not to be left more exposed by any immediate Syrian move to peg progress in its track of the Arab-Israeli negotiations to the PLO-Israeli deal.

However, diplomats suggested that neither country was likely to rush to conclude their own negotiations, or even agree to individual declarations of principles towards a final peace with Israel on the basis of the new accord and a period of intense inter-Arab diplomacy is now likely against the backdrop of the resumed Washington peace talks. Egypt, which was swift to endorse the agreement, looks set to try to repair the diplomatic damage it caused.

President Mubarak, who hailed the deal as "courageous and brave" beside Mr Arafat at a press conference yesterday, said both leaders would meet President Assad soon.

Nigerians get promise of fresh poll

By Leslie Crawford and Paul Adams in Lagos

CHIEF Ernest Shonekan, the head of Nigeria's military-installed government, yesterday promised to call fresh elections within the next seven months as pro-democracy strikes grounded air and road transport and *paralysed Lagos*, the country's commercial capital.

In his first national address since taking office last Thursday, Mr Shonekan admitted that his stop-gap administration was a "second-best solution" to the political impasse created by Gen Ibrahim Babangida, the former military ruler, when he annulled presidential elections in June.

He appealed to labour unions and pro-democracy activists in Lagos to end the strikes which have turned the chaotic metropolis of 7m people into a ghost town.

But with Chief Moshood Abiola, the winner of the annulled election, still absent from the country and unlikely to return soon, the pro-democracy move*ment may lose steam* after a week of protests.

"If Shonekan can survive through this week, Abiola will have lost his claim to the presidency," one diplomat said yesterday.

A decree yesterday ended speculation over the extent of Mr Shonekan's authority by naming him head of state and commander-in-chief of the armed forces.

Military officers loyal to Gen Babangida, however, maintain key positions at the head of the army and joint defence *staff*. The State Security Services, Gen Babangida's feared secret police, have not been dismantled.

Trade union leaders from Nigeria's National Labour Congress were due to meet Mr Shonekan today in an attempt to end the strikes.

In addition to their political demands, unions want the government to repeal its decision to raise petrol prices. Mr Shonekan will be told that he can expect riots in Lagos and other big cities if his government insists on raising the cost of Nigeria's heavily-subsidised fuel 10-fold.

In his speech, Mr Shonekan said the National Electoral Commission and Nigeria's two *military-created* political parties would draft a timetable for new elections within a week. His government, he said, would lead a crusade against corruption and the "get-rich-quick mania" that lay at the root of the country's social problems.

He promised the national assembly would be given legislative powers.

It was not immediately clear whether Mr Shonekan's speech would pacify pro-democracy activists. Hostility to the new government is strongest in the south-west, Chief Abiola's home, where Yorubas feel they were cheated of a rare chance to lead a new civilian government.

Economy may be Tokyo power-broker

By William Dawkins in Tokyo

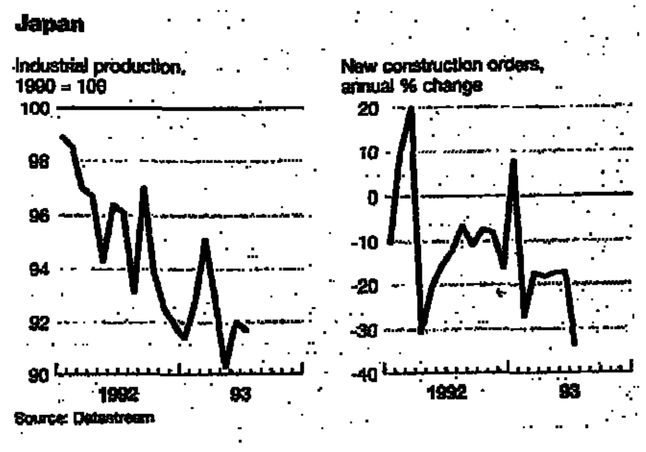
JUST as Mr Morihiro Hosokawa, the Japanese prime minister, is being urged by the more senior of his coalition partners to concentrate on political reform, the economy is threatening to shorten his government's life by failing to recover.

Technically, Japan has not yet hit a recession, in that it *has not* seen two consecutive quarters of decline in gross national product. The latest gloomy indicators released yesterday, as ministers responsible for the economy met in emergency session, were no surprise, but they do add weight to the theory that the economy might fall into recession before recovering at the end of this year or early next.

They included a 0.3 per cent decline in seasonally adjusted industrial production from *June to July, or 4.5 per cent* down on the year. In unadjusted terms, industrial output has fallen for a record 22 straight months and the Ministry of International Trade and Industry (Miti) forecasts that it will be stagnant for the next few months.

Car and construction industry figures are even worse. A 33.6 per cent year-on-year decline in construction industry orders in July was far worse than expected. Meanwhile, car exports plunged by 13.9 per cent last month, as against July last year, the fourth monthly decline, according to Nikkei, the economic newspaper. The outlook for a recovery is poor, as European Community negotiators meet trade officials tomorrow and Friday to seek, and probably get, further cuts in car exports to the EC.

There was one small cause for cheer in yesterday's figures, a better than expected 4.6 *per cent year-on-year rise* in housing starts last month, the



Source: Datastream

14th consecutive monthly rise. Yet the overall picture confirms that the signs of recovery seen early this year have vanished, stifled by the impact of the yen's sharp rise on export earnings and by the continuing caution of consumers.

Economic analysts have *slashed their forecasts for GNP* growth this year from between 1.5 per cent and 3.2 per cent, to between 0.3 per cent and 1.5 per cent. There is one exception; the government's Economic Planning Agency is staunchly sticking to its target of 3.3 per cent growth.

So what are the government's options?

Mr Hosokawa's coalition partners are applying pressure for a drop in income taxes, favoured by Mr Ichiro Ozawa, the real power behind the Japan Renewal party, one of the main coalition members.

However, the powerful Finance Ministry, which is against cutting income tax, appears to be gaining the upper hand, helped by the fact that one of its own former bureaucrats, Mr Hirohisa Fujii, happens to be its minister. It *argues that in the short term a* shortfall in tax income will hamper the government's freedom to dole out any further spending packages and that in the longer term Japan's ageing population will eat into the current budget surplus.

Equally, the latest evidence of the failure of the expected recovery has piled fresh pressure on the Bank of Japan, technically independent, to lower interest rates. Its official discount rate has been at a *post-war low of 2.5 per cent* since early this year and it is desperately keen to avoid a repeat of the liquidity-fed rise in asset prices that preceded this downturn.

However, some analysts believe the central bank might see fit to drop rates if its next quarterly survey of business confidence, due on September 10, shows a decline.

Mr Hosokawa knows that failure to take some kind of action against the downturn *could land him with two headaches*. The first will be when he meets Mr Bill Clinton, at the end of September, when the US president is expected to require evidence that the Japanese government has made progress in stimulating domestic demand and encouraging imports to make an impact on the trade surplus.

The second will be at the next general election, where several observers believe a real recession could well help the *Liberal Democratic party to* make a surprise comeback.

NTT's cut of 10,000 jobs could pave way for others

By Michiyo Nakamoto in Tokyo

NTT, the Japanese telecom company, said yesterday it is seeking to cut about 10,000 employees from its payroll through voluntary retirement by the end of next year. The announcement could pave the way for other companies to implement similar cuts. Many Japanese companies are feeling the pressures of high labour costs amid the slowdown but are unable to carry out staff cuts because of Japan's tradition of lifetime employment. NTT, which is Japan's largest company in terms of the number of employees, said that the staff cuts were part of a restructuring programme announced earlier this year aimed at eventually reducing staff numbers from more than 230,000 to 200,000.

In fiscal 1992, NTT fell from second to third place in the rankings of Japan's top earners, according to statistics compiled by the National Tax Agency. The company's reported earnings fell 44 per cent last year to Y205.8bn (£1.33bn) and was outranked by Toyota, the car company and Sanwa Bank.

NTT, which became a private company *in 1986, has been suffering the* effects of greater competition, but it is by no means the only company feeling the need to cut jobs.

The Industrial Bank of Japan said in a recent report that Japanese companies employed about 900,000 staff in excess of what they needed.

India caught in new cellular network bid row

By Stefan Wagstyl in New Delhi

THE Indian government has taken steps to end controversy over awarding licences for cellular telephone networks by withdrawing licences granted last autumn and handing out new ones.

But the new decision could be as hotly contested as the original. Already, one unsuccessful bidder has started court action and another has said that it might follow suit.

The controversy illustrates how India's efforts to modernise and liberalise its economy can fall foul of bureaucratic and political interference.

The ambitious proposals for establishing cellular telephone networks in the four largest cities – Bombay, Delhi, Calcutta and Madras – were first announced two years ago.

Telecommunications groups from Europe, East Asia and North America rushed to bid in partnership with large *Indian companies*.

But when the Ministry of Telecommunications finally announced the results last year, the losers protested against the evaluation of bids.

Three losing bidders – including Hutchison Max Telecom, a joint venture involving Hutchison Whampoa of Hong Kong – challenged the ministry in court. Hutchison Max Telecom was particularly aggrieved because its bid had been rejected on the grounds that its tender documents contained a typographical error.

The court in March ordered the *ministry to* re-evaluate aspects of the bids. In particular, the judge said officials had been wrong to turn down Hutchison Max for a typographical mistake and ordered them to reinstate the company.

Hutchison Max's bid came top in the re-evaluation: it was therefore entitled to one of the two licences for Bombay, potentially the most lucrative market and most bidders' top target. This then entailed redistributing most of the other licences.

After months of deliberation, officials finally informed bidders last week. Hutchison Max was delighted. Mr Bhai Mohan Singh, head of the family-owned group which is the local partner in the venture, said yesterday: "*This has gone on* too long. I'm glad we can get started at last."

But Tata group, India's largest conglomerate, which had been granted a licence for Delhi in the original awards and was given nothing, filed a petition in the Supreme Court challenging the ministry.

The Indian government will allow foreign investment in domestic Indian aviation companies, but stipulates that proposals will be considered on a case-to-case basis, writes Shiraz Sidhva in New Delhi.

Private airline operators are sceptical that domestic aviation will attract foreign investment before the restrictive Air Corporation Act is repealed, probably in the next session of parliament.

Canadians sign aeroengine deal in Russia

By Leyla Boulton and Reuter in Moscow

PRATT & WHITNEY Canada, a subsidiary of the US engine-maker, announced yesterday a deal with Klimov, the Russian company, to make aircraft power plants.

Mr Gilles Ouimet, the Canadian company's executive vice-president, said the two companies had agreed to create a joint venture which would produce its first engine by the end of 1994. The plan was to be able to build 100 engines a year, he said.

Having been one of the first western companies to clinch a deal that has already yielded fruit, by providing engines for a jointly-produced plane with Ilyushin, Pratt & Whitney yesterday presented a first ever joint venture to manufacture engines for helicopters and smaller aircraft.

The establishment of a joint venture with the Klimov design bureau in St Petersburg and Pratt's Canadian offshoot highlights the demand for superior engines to match superior Soviet aircraft frames.

For Russia, the web of contracts and resulting deals is providing an encouraging, if sometimes irritating, model of what co-operation with the west can bring. Mr Alexander Sarkisov, general constructor of the state-owned Klimov, which has designed 90 per cent of the engines on Russian helicopters, was unmoved by suggestions he was betraying the Russian engine industry.

"We will devote as much capacity as the market can take for making engines with Pratt & Whitney," he said, displaying the emerging capitalist toughness of many Russian managers. He also stressed, however, that the engines would be sold and serviced for roubles, not hard currency, at prices which would make them attractive for Russian manufacturers and foreign ventures.

Executives from up to 200 foreign companies have converged on Moscow this week for Russia's second annual aerospace show. All have come to be seen, and to be heard, organising often lavish news conferences, even if they have nothing new to say.

As for the French aircraft-maker Aérospatiale, at a news conference in a Moscow luxury hotel, the chairman Mr Louis Gallois had little concrete progress to report since a visit earlier this year when he signed a series of protocols of intent with almost every major Russian aerospace company. He revealed only that Aérospatiale had concluded "contracts" on hypersonic research with two Moscow institutes but could not give any details. He said Aérospatiale was also keen to help Russia develop its potential for titanium exports for the western aerospace industry.

He promised that Aérospatiale, which was "patiently building" a foundation for future co-operation, would by the end of the year set up a jointly-owned company with Russia's Mil enterprise to build the Mi-38 helicopter, a 13-tonne machine designed for heavy loads and public works.

If Pratt & Whitney's joint venture produced concrete results, he added, the Franco-Russian partners might consider buying engines from it.

As Russia makes strides to a market economy, its aviation industry is seen as one of the country's most promising sectors for foreign buyers, sellers and investors.

The westerners are attracted by Russia's technical prowess, cheap labour and the publicity to be generated by announcing deals with Russian companies, even if they subsequently fall through.

Having been beaten to the announcement of a similar deal between the Mikoyan Design Bureau and Thomson, France's Dassault Electronique will this week try to present an agreement with Mikoyan to upgrade old MiG-21s as the first such deal to be up and running. It has its eye on a $300m contract to provide new electronics systems for India's fleet of 100 such aircraft.

'Appalling' cost if trade talks fail

By Frances Williams in Geneva

GATT

MR Peter Sutherland, director general of Gatt, yesterday urged governments to face down vested interests and "place political leadership before expediency" in a warning that the costs of failure to complete the world trade talks would be "appallingly high".

Before leaving for Germany for talks with Chancellor Helmut Kohl and senior ministers, he told Gatt's trade negotiations committee that the 116-nation Uruguay Round would end "for good or bad" on December 15, when US fast-track negotiating authority expires. There would be no extension. The talks, launched in Uruguay in 1986, are already three years behind schedule.

Peter Sutherland: "Place political leadership before expediency" Picture: Reuter

A ministerial conference has been tentatively scheduled for April 1994 at which the Uruguay Round agreements would be signed, along with a declaration and future work programme. These are expected to foreshadow negotiations on such issues as competition policy and the links between trade and environment, not covered by the present Round.

In a speech for delivery to German industrialists in Cologne last night, Mr Sutherland called on German industrial and political leaders to stand up and fight for a successful Uruguay Round. He said the Round was not an "optional extra" to the existing multilateral system but "arguably the most important and urgent issue" on the world agenda today.

"It is very hard to understand how some people can be so short-sighted as to want to put all this at risk by pandering to a relatively small number of inefficient producers," Mr Sutherland said. He did not refer directly to France, whose apparent recruitment of Mr Kohl last week in support of its hardline stance on agriculture is seen as posing a serious threat to the round.

Over the next two months, trade negotiators in Geneva will focus on reducing tariff and non-tariff barriers to trade in goods and services, finalising the rules on services, and sorting out some institutional aspects of the proposed multilateral trade organisation and dispute settlement mechanism. Other problems with the draft package of Uruguay Round agreements would be dealt with "at the appropriate time", Mr Sutherland said.

Ariane Genillard adds from Bonn: Mr Sutherland carried his message in the afternoon to Bonn, where he received full support from Mr Günter Rexrodt, the economics minister, and Mr Klaus Kinkel, the foreign affairs minister.

Both have opposed a renegotiation of the Blair House agreement, despite Mr Kohl's recent questioning of the validity of the accord.

Mr Rexrodt stressed yesterday that his position on the Blair House agreement remained unchanged and called for a rapid conclusion of the Gatt trade talks.

Mr Kinkel also reiterated yesterday his firm opposition to any renegotiation of the accord.

The real test of Germany's determination to support French calls for a watering down of the farm accord will come today as Mr Sutherland meets Mr Kohl.

Opening of Thai motorway ordered

By William Barnes in Bangkok

A THAI court has ordered that a controversial $1bn (£660m) motorway be opened today, without having solved bitter disputes with the international consortium which has a 30-year concession to build and operate it.

Mr Sukavich Rangsitpol, the governor of the state-run Expressway and Rapid Transit Authority, succeeded in obtaining a court order citing the consortium's breach of contract and bad faith.

Mr Takao Ninomiya, the managing director of Bangkok Expressway (BECL), the consortium led by Japan's Kumagai Gumi, said he was "astonished, very surprised. We have only a few hours remaining. We are a private company with no power, no police, no army... we cannot resist them if this is what they want."

The move to force open the Second Stage Expressway, through the middle of the capital, surprised and dismayed financiers. Some warned it might alienate international investors just when Thailand is hoping to tap them for a massive upgrading of its national infrastructure.

Mr Sukavich said foreign bankers had "only" put in $100m compared to local bankers' $700m so the move would have no effect on future financing "as long as they understand why we are doing this. I'm not forcing anything... We will continue to negotiate afterwards." BECL has said the almost complete toll road should not open until the row over the interpretation of the complex project finance contract signed in 1988 is resolved.

The Thai authorities appear to have finally conceded it should charge the original Bt30 ($1.20) toll per vehicle agreed in the contract rather than the Bt20 more acceptable to Bangkok motorists. But BECL says it is owed some Bt2bn in backdated revenues and is sceptical about the transport authority's ability to adhere to the agreement for the remaining 27 years of the concession.

Brussels backing for French farm campaign

By David Buchan in Paris

FRANCE'S campaign for changes in Europe's draft farm trade accord with the US yesterday gained ground when the Belgian presidency of the EC said it was open to "a certain renegotiation" of the transatlantic deal.

With two new French documents on Gatt in his pocket, Mr Willy Claes, Belgium's foreign minister, came away yesterday from a meeting in Paris with the prime minister, Mr Edouard Balladur, saying that he had "no objection in principle" to renegotiating a farm trade agreement with which Belgium had some difficulty itself.

One of the two French documents – on the need for strengthened EC defences against unfair trade practices – will be unveiled by French ministers today. It would place Commission trade negotiators under closer supervision by national governments represented in the EC Council of Ministers, spur the EC's executive commission into tougher action against dumping and give Gatt reinforced powers as a means of reining in America's tendency to seek unilateral trade remedies.

More controversial are France's proposals to water down constraints in last November's Blair House accord on farm trade with the US. Paris is still keeping these proposals confidential, but among them are two suggestions to preserve Europe's exports and to reduce American inroads into the EC market.

Paris proposes that existing EC stocks – amounting to nearly 30m tonnes of cereals and 1m tonnes of beef – should be exempt from the Blair House accord, and that the 21 per cent cut in subsidised exports over six years should apply only to future EC production. It has also sent a separate memo to Brussels, suggesting curbs on imports of American corn gluten.

Paris seeks protection against EC imports

By David Gardner in Brussels

THE European Commission, which negotiated the Blair House deal, was expecting to receive last night or today the formal French proposals for changes. The main demands are understood to focus on ensuring adequate protection against agriculture imports into the EC, and guarantees that cuts in subsidised food exports will not bite deeper because of farm price and currency fluctuations.

On imports, France can expect substantial support from its partners in resisting US ambitions for guaranteed market access for American produce. Neither Blair House nor the Uruguay Round "final act" provides the sort of guarantees Washington wants in any conclusion to the Round.

On farm prices and exchange rate fluctuations, France appears determined to protect its exporting potential, sources in Brussels say. As a result of last year's reform of the Common Agricultural Policy, EC cereals prices should converge on world market prices by 1997, meaning that the Community will be able to reduce – and perhaps even do away with – export subsidies.

The 21 per cent cuts over six years in the volume of subsidised exports the EC has agreed with the US would not then be applicable, since there is no restraint on exports without subsidy.

France is therefore understood to want additional guarantees that:

- relatively frequent big rises and falls in international farm prices will be factored into the agreement on subsidised food export cuts;
- there is a mechanism to ensure that currency fluctuations will not impede the Community from reaching world prices.

Life under Bush better than it seemed

Michael Prowse on what lies behind the biggest upward revision in American GDP figures in 20 years

LIFE WAS better than it seemed during the Bush years. That, at least, is the conclusion of federal statisticians who today announced one of the biggest upward revisions to US gross domestic product in 20 years.

According to the new figures, the recession of 1990/91 was rather a mild affair, with gross domestic product falling only 1.6 per cent in real terms from peak to trough, compared with a previous estimate of a decline of 2.2 per cent.

The recovery that began in the second quarter of 1991 was a lot stronger than previously suspected with real GDP growth averaging 2.4 per cent at an annual rate rather than 2 per cent.

For the three years from the fourth quarter of 1989 to the fourth quarter of 1992, real growth was 55 per cent stronger than previously estimated: an average annual rate of 1.4 per cent rather than 0.9 per cent.

The most striking revision was to 1992. In the year to the fourth quarter of 1992, the economy grew by a robust 3.9 per cent in real terms. Yet these were the months when candidate Bill Clinton successfully portrayed George Bush as a president who had failed the nation economically.

In the final quarter of last year, the economy surged ahead with real growth at an annual rate of 5.7 per cent, rather than the 4.7 per cent previously reported, the swiftest growth since the end of 1987 when the Reagan "boom" was still underway.

The most important factor in the revisions was large upward adjustments to the figures on consumer spending on durable goods other than vehicles – for example furniture, household equipment and clothes. These revisions in turn mainly reflect new information from the Census Bureau which has just updated its series for retail sales, an exercise undertaken every five years.

The other main upward revisions were for corporate expenditure on non-residential fixed investment and for state and local government spending.

> The biggest puzzle raised by the revision is why public perception was that the economy was so weak in recent years

The re-writing of economic history did not just affect GDP. The new figures contradict claims that personal incomes stagnated during the Bush years. After allowing for inflation, personal disposable income grew at an annual rate of 2.2 per cent between the fourth quarters of 1989 and 1992, not 1.3 per cent as originally estimated.

Corporate profits were also revised up sharply for each of the past three years. In some sectors the revisions were huge. For example profits made by financial companies were revised up by 38 per cent in 1991 and 42.5 per cent last year. It seems that banks, savings and loans institutions and life assurance companies were all financially stronger than previously estimated.

Last, Americans were a bit more thrifty than economists thought. The personal savings rate last year was 5.3 per cent, not high, but better than the 4.8 per cent at first estimated.

The statistical revisions also cast new light on the surge in growth at the end of last year. To a considerable degree it reflected the bringing forward of income from this year to avoid the expected increase in personal taxation in President Clinton's first budget.

Statisticians had expected some Wall Street companies to bring forward bonuses to avoid higher top rates of tax this year. They therefore made allowance for an extra $1.5bn in accelerated bonus payments.

It now appears that tax avoidance was a national phenomenon affecting scores of different industries.

The latest estimates indicate that bonus payments to the tune of $19bn (0.3 per cent of GDP) were brought forward from this year and paid in the final months of the Bush administration.

The swollen bonus payments significantly distorted the personal income figures and help explain why real consumer spending on durables grew at a staggering annual rate of 13 per cent in the final quarter of last year. The biggest puzzle raised by the revised figures is why public perceptions of the economy were so weak in recent years. The conventional wisdom is that it reflects the lack of job creation.

But this is only a partial answer because the jobs figures have also been revised recently to show a smaller drop during the recession and a stronger rebound during the subsequent recovery. The current jobless rate of 6.8 per cent is not high by international standards, or by US standards for much of the 1980s.

The answer seems to lie in dashed expectations. Even after the revisions, growth since the recession has averaged less than 2.5 per cent at an annual rate, a far cry from the rocket-like acceleration of growth experienced in nearly all the previous post-war US business cycles.

Rejoin Unesco in two years, US is urged

By George Graham

A TASK force has recommended that the US should rejoin the United Nations Educational, Scientific and Cultural Organisation, but suggests delaying re-entry for another two years.

The inter-agency task force, headed by Mr Douglas Bennet, assistant secretary of state for international organisations, says Unesco has improved its management and abandoned the confrontational political stances of its ousted former secretary general, Mr Amadou Mehtar M'Bow.

State Department officials confirmed that the recommendation had been forwarded to the White House National Security Council, but said they did not know when President Bill Clinton might act on the proposal.

The US withdrew from the Paris-based Unesco in 1984, complaining that it had "extraneously politicised virtually every subject it deals with; exhibits hostility towards the basic institutions of a free society, especially a free market and a free press; and demonstrated unrestrained budgetary expansion".

The UK and Singapore followed suit a year later. These departures took away about 30 per cent of Unesco's budget.

After a bitter struggle Mr M'bow was voted out in 1987 and replaced by Mr Federico Mayor, a former Spanish education minister, who has made it a priority to persuade the US and UK to rejoin.

However, a 1990 State Department report concluded that Unesco had made little progress in correcting its management weaknesses and spendthrift ways.

While some members of Congress have argued for rejoining Unesco, including Mr Howard Berman, the chairman of the House of Representatives subcommittee dealing with international organisations, the chances of finding money to pay the US's membership dues, which would now amount to around $65m (£44m) a year, are slim.

The US is already heavily in arrears in its payments to the United Nations, and there is little room in Mr Clinton's already squeezed foreign operations budget for more spending. If re-entry were delayed until October 1995, as the task force recommends, the cost would be put off for two budget cycles.

Brazilians try to quell violence

BRAZILIANS yesterday expressed outrage at news of the country's third reported massacre in five weeks, as government officials met in Rio de Janeiro to seek a solution to the outbreaks of violence, agencies report from Rio de Janeiro.

Members of Congress have called for federal intervention in the city's militarised police, who are under investigation for alleged participation in the latest massacre, in which 21 slum-dwellers were gunned down on Sunday.

Such federal intervention would have precedent. Last month, the army was brought in to tackle organised crime among the police of the north-eastern state of Alagoas.

About 20 hooded gunmen armed with automatic weapons burst into the Vigario Geral shantytown in northern Rio on Sunday. That appeared to be revenge for the killings there of four police officers, possibly by drug traffickers, the night before.

Republicans buoyant – but still divided

By George Graham in Washington

US REPUBLICAN party bigwigs left Washington at the beginning of August, for the summer vacation, in a mood of self-congratulation at the points they had scored against President Bill Clinton in his gruelling battle to pass his budget.

Mr Haley Barbour, the party chairman, crowed that Mr Clinton had "done more to unite the Republican party in the last 200 days than I'll do in four years."

But the pleasures of sniping at Mr Clinton have only covered the philosophical rifts over issues such as "family values" that the presidential election campaign last year exposed. Some Republicans worry about how their party will measure up when the time comes to say what it stands for, instead of what it stands against.

Some of the criticism has come from the old testament prophets of US conservatism. Mr Barry Goldwater, presidential candidate in 1964, has been particularly scathing about his party's decline from fighting communism and high taxes to fighting homosexuality.

Senator Bob Dole: Having the time of his life Picture: Reuter

But some of the most piercing comments have come from Congressman Bob Michel, Republican leader in the House of Representatives. In an interview this month with his hometown newspaper, the Peoria Journal Star, he wrung his hands over his party's "antagonistic" hardliners.

"Bob Michel is going to call it quits. Soon. Very soon," says Republican former congressman Mickey Edwards.

Mr Newt Gingrich, the Republican whip in the House who would be best placed to succeed Mr Michel, is temperamentally more suited to the confrontational tactics his party now favours. His negligible legislative record suggests that the party, under his leadership, would be even less of a partner in the formulation of national policy.

The Republican leader in the Senate, Mr Bob Dole, has shown none of Mr Michel's qualms about the confrontational approach. He is also much better placed to make such tactics work, because the Senate's procedural rules allow the Republican minority there much greater obstructive power than has its counterpart in the House.

Mr Dole gives the appearance of having the time of his life in his role as Washington's number one Republican. Despite his age – at 70 he is four months younger than Mr Michel – he has spent his summer holiday glad-handing the voters of New Hampshire and Iowa, the two states that vote first in presidential primaries.

But even Mr Dole's somewhat improbable presidential ambitions reflect to some extent the split in the Republican party.

His trips to New Hampshire and his hounding of Mr Clinton in Congress seem, to some Republicans, designed principally to avoid being outflanked on the right by Senator Phil Gramm, the abrasive Texan who is openly campaigning for his party's intellectual leadership – and for its presidential nomination in 1996.

Also, Republicans throughout the spectrum are wondering how to deal with Mr Ross Perot, the Texas independent who could steal many of their best themes and deliver them, in 1996, a repeat of the 1992 presidential election – second place in a three-way race.

It is clear that Mr Clinton cannot expect to pass his next legislative priorities, the North American Free Trade Agreement and healthcare reform, without bipartisan support, but it is also clear that a sizeable body at the centre of the Republican party believes that it, too, needs to be more constructive in the next session of Congress.

Canada slashes east coast cod fishing

THE Canadian government has shut down virtually all of the east coast cod fishery and announced deep quota cuts on other fish species, AP reports from Halifax, Nova Scotia. The measures could put 12,000 Atlantic Canadians out of work.

Last year, Ottawa shut down the northern cod fishery off the east coast of Newfoundland, affecting more than 20,000 fishermen and plant workers.

Mr Ross Reid, federal fisheries minister, said yesterday he would ban cod fishing in four more areas in the region and sharply reduce quotas on other valuable species such as pollock and plaice.

"We are facing an unprecedented ecological crisis in Atlantic groundfish stocks," Mr Reid said. "Immediate action is needed to permit this fragile resource to rebuild."

The extended ban will cover cod on the eastern Scotian shelf off Nova Scotia, the southern Gulf of St Lawrence, the Sydney Bight area off Cape Breton and the south coast of Newfoundland.

The only areas left open to cod fishing are the Georges Bank, off southwest Nova Scotia, and the northern Gulf of St Lawrence.

But even in those areas, most of the allowable catch has already been landed.

Employers win test case on jobs transfer

By David Goodhart, Labour Editor

EMPLOYERS yesterday welcomed a new judgment from the Employment Appeals Tribunal which appears to halt the advance of regulations which have been causing confusion in the contracting out of public services in the UK.

Britain's Transfer of Undertakings - Protection of Employment (Tupe) regulations, based on the European Community's Acquired Rights Directive, require that pay and working conditions are protected when jobs are transferred from one employer to another. In many cases, this has discouraged private companies from bidding for contracts.

Yesterday Mr Justice Wood, the outgoing president of the appeals tribunal, upheld an industrial tribunal judgment that 107 cleaners at Orsett Hospital in Basildon, Essex, were not covered by Tupe when their jobs were transferred from Initial Health Care Services to the Pall Mall Services Group. The cleaners' pay was cut as a result of the transfer.

The cleaners' union, Unison, said that the judgment would only prolong the confusion about Tupe and threatened to take the case to the European Court of Justice.

According to Ms Melanie Tether, a Tupe expert and a partner in the City of London law firm Norton Rose, the judgment runs against the grain of recent decisions both in the High Court in the UK and at the European Court of Justice.

However, the decision was welcomed by several employers organisations. Mr John Hall, director-general of the Cleaning and Support Services Association, said: "I am not surprised at today's ruling, it is very good news which we should be shouting from the rooftops".

Mr Hall said the government has now won a breathing space on the issue but should pursue with renewed vigour the attempt to revise the original EC legislation. Mr John Major, the prime minister, recently discussed with the French government the issue of revising the legislation to exclude contracting-out from the public sector.

The centre-right French government, which has a big programme of privatisation and contracting out, is sympathetic to the idea but there are several other EC countries which are likely to block any change.

The main reason for the tribunal's rejection of the claim that Tupe applied is that only staff were transferred between the two cleaning contractors. Lawyers says that Tupe is far more likely to apply where equipment and goodwill are transferred as well as staff, although some judgments have specified that it does apply when only staff transfer.

AN END to all national agreements in the UK printing industry next year is threatened by the main print union, the Graphical Paper and Media Union.

Mr Tony Dubbins, general secretary, has warned that if the employers body – the British Printing Industries Federation – decides to opt out of industry-wide wage bargaining for 1994 as it has done this year the union will pull out of all national-level deals.

That would mean the end of participation in existing arrangements with the federation on training, efficiency and productivity, disputes procedures, and health and safety.

Britain in brief

Lamont lands job at Rothschild

Mr Norman Lamont, former chancellor, has landed his first job outside politics since his reluctant departure from the cabinet at the end of May. In a return to familiar pastures, he will join N.M. Rothschild & Sons, the merchant bank, as a non-executive director on the main board from today.

Mr Lamont worked in asset management at Rothschild between 1968 and 1979 when he was starting his political career and while serving as a Tory backbencher during the 1970s. He left the City in 1979 to become a junior minister in Mrs Margaret Thatcher's first government.

Yesterday, Mr Lamont, who as chancellor put a tax on the private use of company mobile telephones in 1991, borrowed one to announce to the Financial Times that he was "delighted to be going back" to Rothschild. Sir Evelyn de Rothschild, chairman, said he expected Mr Lamont would spend two to three days a week working for the bank.

Neither Sir Evelyn nor Mr Lamont was willing to discuss the former chancellor's future income from Rothschild.

Since leaving the cabinet Mr Lamont has been having to make do with a backbencher's salary of £30,854 and payments for occasional freelance newspaper articles.

Merit pay plan for palace staff

The Queen is introducing performance related pay for the whole of the Royal Household.

The system will be introduced gradually for all the Queen's staff including her courtiers. Most affected will be the 400 domestics employed as butlers, maids, footmen, gardeners and chefs. Performance related pay will replace the current pay system, based on annual increments.

Pay at Buckingham Palace and other royal establishments remains relatively low. Maids receive pre-tax earnings of about £6,000 a year and footmen £7,000 a year. Chefs earn £13,000. There is no suggestion that the scheme might be extended to members of the royal family.

Wind farm for Body Shop

Body Shop International, the toiletries and cosmetics group, yesterday moved towards its goal of energy self-sufficiency when contracts were placed for a 10 megawatt wind farm in mid Wales.

The company is among the first to commit itself to producing the equivalent of its energy needs through wind power for UK operations. However, the farm, to comprise 22 wind turbines, is strongly opposed by other sections of the environmental lobby on noise and visual grounds. There are 14 wind farms in the UK and six under construction.

Appeal to TV millionaires

The new millionaires of London Weekend Television have been asked to pass the hat for less fortunate colleagues.

Mr Greg Dyke, chief executive of the London ITV company, has asked 52 other managers who have together netted shares worth £70m in a controversial management share scheme to donate voluntarily a proportion of their profits for distribution to the other 700 LWT employees.

Acas decline

The work of the independent Advisory Conciliation and Arbitration Service, Acas, for individual workers is expected to decline as a result of a change in labour law.

Employees can now settle cases of unfair dismissal with binding settlements on their former employers if they are represented by qualified solicitors with insurance coverage. In the past, claims could not be settled without Acas intervention.

Scottish oil yard to close

A North Sea oil yard in the Scottish Highlands, which once employed 700, is to close.

British Pipe Coaters is shutting its facility on 77 acres at Invergordon on the Cromarty Firth, which was used to put corrosion-proof coatings on pipelines for the offshore oil and gas industry.

The company, 51 per cent owned by British Gas and 49 per cent by US oilfield contractors Dresser Industries, is consolidating its operations at three separate sites at Leith, the port of Edinburgh.

The Invergordon yard employed 150 last year but only eight remain, removing the last of the machinery to Leith.

Shipping boost

UK-flagged ships carried 36 per cent of United Kingdom international trade by value in 1992 and 19 per cent by volume – in both cases one percentage point more than in 1991, according to the transport department.

Mick Newmarch, Prudential's group chief executive, at the delivery of dog and peacock sculptures which will 'run across' the lobby of the insurance company's refurbished London headquarters

Crest share settlement plan gains support

By Philip Coggan, Personal Finance Editor

MOST QUOTED companies are willing to give conditional support to the Crest proposals for the reform of the stock market settlement system, says a new survey.

ProShare, established to encourage wider share ownership, found that 25 per cent of companies strongly supported the Crest proposals and a further 49 per cent were marginally in favour.

The Crest plan was outlined in a Bank of England taskforce report published in July in the wake of the costly breakdown of the Taurus project for settlement reform. Most share transactions would be settled electronically, but participation would be voluntary with investors having the option to retain share certificates, albeit at a cost.

About a third of corporate respondents marginally or strongly opposed the voluntary nature of the system, arguing that a two-tier structure would be complex and expensive.

Cost is a big concern. One company said: "It is fundamental that major plcs and their shareholders do not become faced with having to subsidise other sectors of the market."

Nominee accounts are at the heart of an electronic settlement system and many companies are concerned that, under Crest, they would face difficulties in communicating with their private shareholders. Some are also concerned that the private investor will find the new system too costly or inconvenient. Stockbrokers might make a charge, for example, for sending an annual report to a nominee shareholder.

The changes might ultimately lead to a reduction in the number of private shareholders, some companies believe. Mr Stuart Valentine, director of research at ProShare, said: "It would be wrong if the tail of settlement wagged the dog of share ownership".

The Crest proposals also involve the replacement of the current two-week account with a rolling settlement period of ten days from July 1994, falling to five days by early 1995. Support for rolling settlement is almost universal, according to ProShare.

ProShare wrote to 1700 companies and received 224 responses.

Many big incomes maintained at Lloyd's

By Richard Lapper

AT LEAST 150 Lloyd's underwriters earned £100,000 or more in 1992, according to figures to be published today by the Association of Lloyd's Members, the biggest organisation of Names.

The scale of remuneration – only marginally less than that paid in 1991 – is bound to increase controversy at the market, where many Names – the individuals who personally provide the capital for the market – face financial ruin following losses of more than £6bn in the last five years.

Average earnings for the 150 underwriters' earnings were reported by the association to be £143,673. Although the figures include profit-related pay for 1989, in line with the market's three-year accounting system, the Lloyd's market as a whole made losses of £2.1bn in that year.

Already one of the best paid underwriters, Mr Stephen Merrett, deputy chairman of the insurance market, has been experiencing increasing difficulty in persuading Names to continue to back his syndicates. He was paid £207,000 as underwriter of syndicate 418 last year.

It emerged yesterday that members' agents – who handle the affairs of Names and channel them on to syndicates – can supply only about £50m of capital to the biggest of the Merrett Group's syndicates, number 418, for next year, about a third of the level with which it is operating in 1993.

Syndicate 418, which underwrites US liability business, is one of the Lloyd's market's most important.

A second Merrett syndicate, number 1067, has also suffered from a sharp fall in popularity among Names and can expect only £22m in capacity for 1994 compared with £55m this year.

As a result the Merrett agency is stepping up its efforts to attract corporate investors to support its business. Mr Stephen Cane, managing director, said he was optimistic about the prospects of increasing corporate investment.

Merrett is hoping to be able to convert a Bermuda-based company, Underwriting Capital (Merrett), set up this year to provide reinsurance to its syndicates, into a fully fledged incorporated Name as soon as Lloyd's rules permit.

LEGAL NOTICES

M1 MACHINERY LIMITED

(In administrative receivership)

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at Robson Rhodes, The Galleria, Station Road, Crawley, West Sussex, RH10 1HY, on the 9th day of September 1993 at 10.00 am, for the purpose of having laid before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee to exercise the functions conferred on it, by, or under the Act.

Creditors are only entitled to vote if:

a) they have delivered to us at the address shown above, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986 and

b) there has been lodged with us any proxy which the creditor intends to use on his behalf.

Dated this 20th day of August 1993

J RUDDOCK AND W H COOPER

Joint administrative receivers

Creditors may obtain a copy of the report, free of charge, on application to the joint administrative receivers at The Galleria, Station Road, Crawley, West Sussex, RH10 1HY.

No. 007043 of 1993
In the High Court of Justice
Chancery Division

IN THE MATTER OF
DIXON MOTORS PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 9th August 1993 presented to Her Majesty's High Court of Justice for confirmation of (a) the reduction of the capital of the above-named Company from £8,772,175.40 to £3,747,872.50 and (b) the reduction of the share premium account of the said Company by the sum of £11,195.00.

AND NOTICE IS FURTHER GIVEN that the Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 13th October 1993.

ANY CREDITOR OR SHAREHOLDER of the said Company desiring to oppose the making of an order for confirmation of the said reduction of capital and reduction of the share premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

Dated the 26th day of August 1993
Gouldens of 22 Tudor Street, London EC4Y 0JJ
(Reference LJA/562785)
Solicitors for the above-named Company.

ECONOMICS DEBATE AT BRITISH ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE

Lawson champions besieged capitalism

By Clive Cookson

HOSTILITY to capitalism was "as pervasive as ever" even though socialism had been defeated worldwide, Lord Lawson, the former Conservative chancellor, told the British Association economics section at Keele University in the Midlands yesterday.

He argued it was essential for a capitalist market economy to sustain a high-quality social security net in order to protect the impoverished.

Lord Lawson said the existence of an underclass did not demolish the case for capitalism. "Just as the sensible successful businessman who seeks to help those less fortunate will do so not by changing the way he runs his business, but by applying part of his personal wealth to philanthropy, so the wise government will best help the poor by not interfering with the market but by creating a well-designed social security net alongside it."

"At the very least, if we are to live within a market capitalist system, it is unsatisfactory that we should have doubts about its moral foundations. One or two recent speeches even by some members of the present government betray a worrying insecurity," he added. Lord Lawson scorned egalitarian arguments – and what he called the "insatiability of egalitarianism." No matter how much equality there was, there would always be cries for more.

"Once it is accepted that there must be inequality, the principle of equality, if there ever was one, has been abandoned, and we are left not with morality but with something that looks rather like an amalgam of aesthetics and envy."

Lord Lawson declined to give advice to the present chancellor, Mr Kenneth Clarke, beyond saying: "If the chancellor feels that some tax increase is necessary, the rates of income tax and corporation tax should be not be changed."

Lord Lawson (right) yesterday: advice on helping the poor

Modest lifestyle of rich revealed

By Clive Cookson

MOST of the 70 affluent families chosen for a survey because their wealth was based on businesses and landed estates felt "middle class", Professor John Scott said at the conference yesterday.

Prof Scott heads the survey commissioned by the Economic and Social Research Council and carried out by Leicester University.

Many of the 70 Midlands families "believed an upper class establishment existed to which they did not belong, either because it was London based or because entry depended upon a university education," Prof Scott said.

Many also claimed their biggest extravagance was their weekly supermarket shopping bill or going out for a meal – even though they might own a private yacht, jet or stables for hunting. All the families had at least £250,000 in liquid assets excluding the family home, and several of the richest were worth tens of millions of pounds. But they were all careful about how they spent their money, said Prof Scott.

The women in the sample were less content than the men. Only five of the 70 families in the survey had women heading their business activities; in the others, almost all key decisions were taken by men. "The men assumed that their wives were quite happy with their situation," said Prof Scott. But the women were often discontented. "At every point in the business of accumulating wealth, women are marginalised," he commented.

"But the popular image of men as wealth creators and women largely as beneficiaries does not hold water." The study found that women played a crucial role through direct work and providing capital in the initial stage of wealth creation. As one interviewee put it, "it was his dream; my money".

Some women were edged farther out by the domination of their male kin at board and managerial level. "I don't feel I'm a member of my husband's family," said one. Women also played little role in planning family strategies because of the tradition that the oldest son inherits the main estate.

Tax evasion dwarfs benefit fraud

By Nuala Moran

THERE is one law for the rich who fiddle taxes and another for the poor who fiddle social security payments, Dr Dee Cook, a lecturer at the Department of Criminology at Keele University, told the British Association meeting.

The scale of social security fraud is dwarfed by tax evasion, she said. Yet more staff and resources go towards policing benefit claimants than taxpayers. Dr Cook says that figures for money "saved" by DSS investigators represent an actuarial amount rather than an actual sum.

Fraud officers multiply a fraudster's weekly benefit payments by 32 (the notional number of weeks the fraudulent claim may have lasted) to arrive at the sum the Department of Social Security claims to have saved as a result of its investigations.

Using this formula the DSS claimed to have saved £416m in 1991-92. But in 1991-92 the Inland Revenue's investigation work yielded £5bn. There were 4,379 prosecutions for benefit fraud in 1991-92 compared with 249 for tax fraud. Dr Cook said that in contrast to the high-profile crackdown on DSS fraud, there had been little attempt to direct popular attention or additional resources towards the "burgeoning problem of tax evasion".

Despite the successful fight against tax fraud, tax evaders were seen as victims of harassment by the taxman while benefit fraudsters were portrayed as simply villains.

Rules for pensions 'out of date'

By Nuala Moran

THE GAP between rich and poor pensioners will continue to widen unless pension rules are changed, Professor Chris Phillipson, professor of applied social studies at Keele University, warned at the conference yesterday.

He said the rules should be modified so that they reflected shifts in employment patterns such as the trend towards flexible contracts and early retirement.

Government policy was based on outdated assumptions about continued participation in paid work, Prof Phillipson said. He put forward a plan for reform of the social security system and for increased rights for older workers, and called for:

- Recognition that paid work is often concentrated into a limited number of years.
- Equal value to be given to care work in the home and to paid employment.
- Protection for older workers who are trapped between the end of employment and receipt of state pensions.
- Greater security in employment for older workers in order to stop them being treated as a disposable element of the workforce.

Prof Phillipson said women were especially disadvantaged. "The pensions system must be overhauled if it is to be equitable. It needs to be recognised that many people do not work full-time throughout their working lives.

"If certain groups, for example women, are not to lose out permanently, benefits should be attached to individual citizen rights – reflecting the variety of roles undertaken by individuals during the course of their 'working' lives."

EC urged to modify regional aid rules

By Tim Burt

THE government yesterday launched its bid to win European Community regional aid aimed at areas hit by defence spending cuts.

It called on the European Commission to relax rules that prevent funds being allocated to prosperous parts of the country such as the south-west in which the decline in military orders has led to large job losses.

Submitting an outline bid for £15m of EC aid, the government said some parts of Britain worst hit by defence cuts may not qualify for aid if the Commission applied its structural funds objectives.

These objectives restrict aid spending to areas of industrial decline or rural regions which need modernisation. The government is concerned that adherence to the rules would mean counties such as Avon – in the west of England – where an estimated 7,000 defence-related jobs have been lost in the past six years, would not be eligible for part of the £100m Konver fund.

The fund, announced in April, is designed to be used for retraining, job-creation schemes and the regeneration of disused military bases.

The Western Development Partnership, the public and private sector forum which is supporting a joint bid for EC aid by the south-western English counties of Avon, Wiltshire and Gloucestershire, said thousands more jobs would be lost if the Commission rejected the government's bid.

The partnership said: "The three counties could expect to lose a further 7,000 Ministry of Defence military and civilian jobs and over 12,000 from defence companies by the year 2000 if the Konver initiative fails."

Commission officials in Brussels signalled a willingness to accept the UK call for flexibility on where aid could be spent, saying the funds would reflect "the special circumstances of the UK defence industry".

Scottish miners abandon link with Libyans

By James Buxton, Scottish Correspondent

A CONSORTIUM of coal miners which had been negotiating a financial lifeline with the Libyan government performed a U-turn yesterday in face of public criticism from its financial advisers and opposition from politicians.

Monktonhall Mineworkers announced that, if it received an offer of finance from Libya, it "would not consider it or proceed if it were to prove offensive to our customers, the public or any other party". The consortium leases the Monktonhall colliery near Edinburgh from British Coal, the state corporation which owns most UK pits.

Mr Jackie Aitchison, chairman of Monktonhall Mineworkers, confirmed that the company had been in touch through "a third party" with the state-owned Arab Foreign Investment Company (Lafico) about obtaining funding to enable it to stay in business.

The intermediary had indicated that investment might be available, he said. Earlier it emerged that Mr Ron Brown, former Labour MP for Leith, who has long-standing contacts with the Libyan government, had put the miners in touch with Lafico.

Quayle Munro, the quoted Edinburgh merchant bank being paid by Lothian regional council to advise the consortium and help solve its financial problems, issued a statement saying that the action taken by the miners' representative was "in all the circumstances ill-conceived".

The UK government is attempting to secure the extradition to Scotland of two men accused of being involved in the plot to bring down Pan Am flight 101, which crashed on Lockerbie in 1988.

European policies on jobs challenged

By David Owen

POLICIES designed to increase the rate of economic growth in Europe will do very little to cut unemployment, a former economics director of the Henley Centre for Forecasting argues today.

Mr Paul Ormerod, a visiting professor at Manchester University, says the problem of unemployment is a question "not of economics, but of social values and social relationships".

Employed people in the European Community have operated "in an effective cartel" against the unemployed.

Mr Ormerod says in a paper prepared for a seminar on full employment in Europe to be held this week that societies with low unemployment tend to have high levels of "social cohesion".

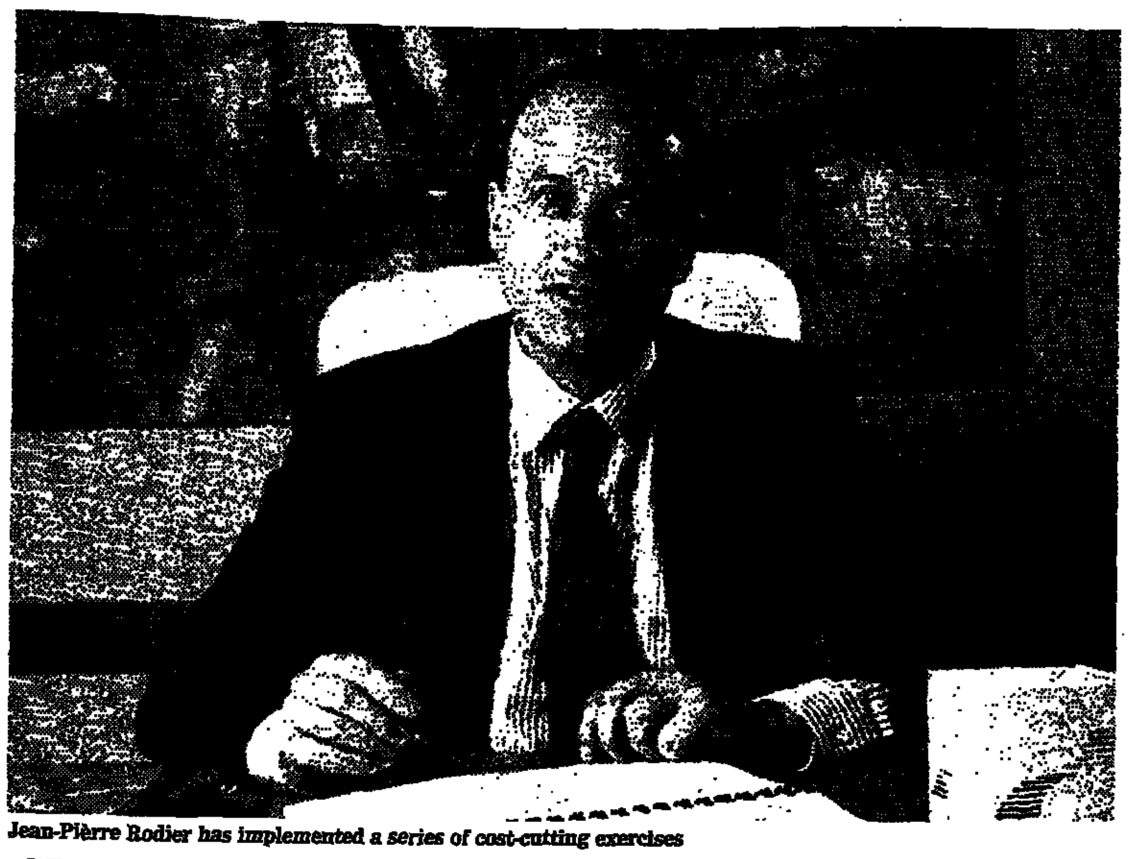
He pinpoints work-sharing as one valid "technical" solution to high unemployment, but says this would require the agreement of many people to receive less income in exchange for more leisure.

In a challenge to "orthodox" economic analysis which emphasises the need to generate economic growth to bring unemployment down, Mr Ormerod argues that there is no such connection between job creation and growth.

The US and the European Community have grown by "almost identical" amounts in the last 20 years, yet employment in the US is up by 45 per cent against only 7 per cent in Europe, he says.

The seminar will come a month after Mr David Hunt, employment secretary, called for a national consensus between the main political parties on a strategy for tackling long-term unemployment.

MANAGEMENT



Jean-Pièrre Rodier has implemented a series of cost-cutting exercises

Union Minière of Belgium has employed a wide range of cost-cutting measures, writes **Kenneth Gooding**

Digging out value for money

Earlier this year Union Minière, Belgium's big metals producer, found it was paying membership fees for various trade associations totalling BFr165m (£3m). The discovery was made as the new management dug into every corner of head-office operations, primarily to see if UM was getting value for money but also as part of a quest for further spending cuts.

Jean-Pièrre Rodier, chief executive, says the divisional managers may still join trade associations but the fees are no longer a corporate, head-office expense. Managers must first justify the memberships and then pay from their own budgets.

Rodier's cost-cutting exercise is an illustration of just how much money can be saved by companies which really put their mind to the task. Individually the initiatives can seem relatively minor - the group, for example, found it could save BFr500,000 a year by installing water fountains rather than sticking to tradition and distributing bottled water to staff. Cumulatively the savings can add up.

UM used to take pride in the fact that, if any senior executive asked for some information, it was usually provided within two hours. The company found that BFr30m to BFr40m a year could be saved by assessing which data banks were absolutely necessary to the group and by insisting that, whenever possible, these should be accessed at night when rates were cheaper.

There was also scope for reducing the cost of employing outside consultants. UM had so many on retainers that it took a great deal of head-office time to manage them. Rodier has now set new guidelines for a "just in time" system, or "using a consultant only when we are certain we need one", and reckons UM will save BFr100m a year.

Then there was the question of whether Centre du Zinc, an organisation to promote the use of zinc in France, was giving value for money. It was costing UM and Metaleurope, another zinc group, BFr45m a year each to finance the centre. Rodier says UM calculated that, to have justified this outlay, zinc consumption in France would have to increase at 10 per cent a year. "Of course, this was not happening so we came to the conclusion that we should close the association. It terminates in October."

UM in its present form started life in 1989 when the hitherto autonomous metals-related companies owned by Société Générale de Belgique, Belgium's biggest holding company, were brought together. Rodier decided to merge six separate head offices, all in different cities, into one in a small office on the outskirts of Brussels. This action reduced head-office staff numbers from 460 to 235 and cut annual running costs by BFr700m.

Rodier says the measures mentioned above, and others, will save another BFr400m a year.

The inspiration for these was a cost-value analysis where all spending was itemised and a small management committee decided whether it was of value to the company or not. The cost-value analysis was part of a group-wide exercise to improve annual margins by BFr4bn by 1994-95 compared with 1991. This BFr4bn figure was arrived at by establishing what was necessary to move UM's historic return on equity from the average of 8 per cent which it has achieved over the business cycle to the 14 per cent target which its parent, SGB, sets all its operations.

UM, the world's biggest producer of refined zinc, with 11 per cent of the world market and 23 per cent of the European market, also used benchmarking for its manufacturing plants to establish what the targets should be. Benchmarking is a systematic process for identifying, measuring and improving the critical success factors of a business against competitors, especially those recognised as industry leader.

This benchmarking exercise identified a BFr500m annual cost gap between the best zinc businesses in the world and UM's - a finding which at first the UM management found difficult to believe because the Belgian group uses some of the best technology available.

But when UM looked more closely to see how the gap could be closed, it found a host of very small differences which added up to BFr450m. "We were not paying enough attention to the day-to-day details of the business, probably because of our excellent technology," says Rodier.

Other areas that required attention included the way maintenance was carried out, the number of people looking after raw materials and even the number of people cleaning buildings.

UM's Balen refinery is now using an outside cleaning contractor which pays its employees less than what UM paid each employee, and is expected to clean 50 per cent more area. UM has also changed its pay policy. Bonuses used to be linked to financial results. As Rodier says: "When zinc prices were high, you got a bonus, when the dollar was high, you got a bonus – no matter what you did."

Now bonus payments are paid only if there is an improvement to bottom-line profit compared with the previous year after the impact of the metal price and dollar rate movements have been removed. Rodier stresses, bonuses are not linked with budgeted figures.

Are you an optimistic or pessimistic boss?

Discover whether you are a benevolent autocrat, a cynic or a trusting manager, writes **Adrian Furnham**

A pessimist is an optimist with experience. Listen to the US management gurus, who seem to model their delivery style and their beliefs on TV-evangelists and you might believe that all workers are fundamentally good, diligent and legal.

All that is required is a corporate vision, sincerity and a caring ethical boss and the workforce will deliver.

The optimist, it is said, believes that we live in the best of all possible worlds and the pessimist fears this is true. Is the pessimist one who, when he has the choice of two evils chooses both, or is he a realist? Is a pessimist one who feels bad when he feels good for fear he will feel worse when he feels better, or simply a shrewd and accurate observer of life?

The British seem more reserved and sceptical than other nationalities. More used to the threat of the stick than the promise of the carrot, they appear not to hold such a rosy view of their fellow man and less still of their fellow woman.

Followers of the French idealist Rousseau stand in sharp contrast to the bleak perception of the Englishman Thomas Hobbes. The pessimistic, modern manager might believe that "man was born free everywhere is in trains", on his way to a nasty, brutish, tedious and unsatisfying job.

For some, the experience of management is that people avoid work because they inherently dislike it. They have to be completely controlled, directed, bullied and threatened. They prefer not to show responsibility or empowerment and need to be constantly monitored.

About 30 years ago a US academic called McGregor who was interested in what determined a person's leadership style said managers were likely to hold one of two "philosophies" about workers. One, labelled theory X, maintained that people do not like work, avoid it, have little ambition, try to avoid responsibility and need firm direction, control and coercion. Subscribers to theory Y maintained that under the right conditions people not only work hard, showing commitment and talent, but also seek increased responsibility and challenge.

Test yourself to see if you are a theory X or Y believer. Give yourself 4 points for strongly agree, 3 for agree, 1 for disagree and 0 for strongly disagree.

1. Almost everyone could probably improve his or her job performance quite a bit if he or she really wanted to.
2. It is unrealistic to expect people to show the same enthusiasm for their work as for their favourite leisure-time activities.
3. Even when given encouragement by the boss, very few people show the desire to improve themselves on the job.
4. If you give people enough money, they are less likely to worry about such intangibles as status or individual recognition.
5. Usually when people talk about wanting more responsible jobs, they really mean they want more money and status.
6. Being tough with people will usually get them to do what you want.
7. Because most people do not like to make decisions on their own, it's hard to get them to assume responsibility.
8. A good way to get people to do more work is to crack down on them once in a while.
9. It weakens a person's prestige to admit that a subordinate has been right and he/she wrong.
10. The most effective supervisor is one who gets the results management expects, regardless of the methods used in handling people.
11. It is too much to expect that people will try to do a good job without being prodded by the boss.
12. The boss who expects his or her people to set their own standards for superior performance will probably find they don't set them very high.
13. If people do not use much imagination or ingenuity on the job, it's probably because relatively few people have much of either.
14. One problem in asking for the ideas of subordinates is that their perspective is too limited for their suggestions to be of much practical value.
15. It is only human nature for people to try to do as little work as they can get away with.

Score under 20 and you are an optimist.

You probably trust your subordinates and use a wide range of rewards. You may prefer group participation in decision making and like people to be well informed.

Score 21–30 and we see more caution with substantial, but not complete, confidence and trust in subordinates.

You wish to keep control of most important decisions.

Score 31–45 and some may consider you a benevolent autocrat. You have a rather condescending confidence and trust such as a master has in a servant.

You tend to believe in economic motives and do not fraternise with your staff.

Score 45 and above and face it you are a cynic about the average worker.

High scorers may even be exploitative autocrats who have no confidence in their subordinates, preferring physical and economic security as a motivational force. All stick and no carrot.

Top scorers despise "soft" management techniques and maintain that the department of hard knocks at the university of life taught them what they know. Low scorers recoil in horror at the monster they see in the high scorer, equally convinced that their experience at work tells them they are right.

Neither side is prepared to concede.

Hence we need the understanding to know the things we cannot change about workers; the courage to change and improve the things we can change; and the wisdom to know the difference.

Adrian Furnham, is Professor of Psychology at University College London.

BUSINESS AND THE ENVIRONMENT

Victoria Griffiths on attempts to manage New England's forests

Seeing the wood for the trees

A trip to New England's northern forests appears comforting to anyone looking for unspoiled nature. Trees cover vast areas – New Hampshire and Vermont boast 80 per cent tree cover and Maine 90 per cent – and the forests are home to large populations of deer, moose, black bear and other wildlife.

This is misleading though, according to environmentalists, who are concerned about increased logging and mounting pressures for property development in the region.

Pressure is building as a result of rising prices for timber and property. The controversy over protection of the spotted owl in the Pacific north-west has driven up timber prices throughout the US. In the first six months of 1993, prices for New England softwood rose by 10 per cent, according to Sidney Balch, chief forester in Maine for Boise Cascade, the paper and timber group.

"With new restrictions on logging in other parts of the country, a lot of demand is heading this way," says Roberta Borland, executive director for the Vermont Forest Products Association. In 1992, Vermont produced 502m board feet of timber, more than twice that of 1970. John Hancock Mutual Life Insurance Company's purchase last month of 238,000 acres of forest in Maine, New Hampshire and Vermont troubled environmentalists. According to the company, the land will not be used for property development, but ecologists are worried.

"There are a lot of land deals going on that we don't know about," says Lewis Milford, who heads the Vermont Conservation Law Foundation, an environmental agency. "And when you see large tracts of land changing hands, it all adds to the uncertainty."

Ironically, concern over the future of New England's wooded lands comes at a time when many ecologists are celebrating the seemingly miraculous recovery of the area's forests. The forests are a relatively new, natural resource. By the late 1800s, settlers in the region had cleared most of the timber to make room for farms. Immediately following the American civil war, Vermont had just 25 per cent tree cover, New Hampshire 30 per cent and Maine 40 per cent. When farmers moved to the more agriculturally friendly mid-west, the forests of the north east took over once more.

New England's forests have also become a vital natural resource for the region, accounting for at least $6bn (£4bn) a year in economic activity. Logging is just part of the equation. Sawmills, paper and pulp factories, furniture makers and maple syrup producers are all dependent on timber from the region.

Industrialists and environmentalists alike are determined to maintain the sector's vitality. "All sides of the issue want to see this economic activity encouraged," says Charles Levesque, executive director of the Northern Forests Land Council, a group formed to study the impact of development on the forests' ecosystem. "It's a question of how the land should be managed, how many trees should be cut at a time and how much clear-cutting should be allowed."

Several factors make life more difficult for ecologists. Unlike the Pacific north west, which is covered by vast tracts of public lands, the vast majority of New England's wooded areas are in the hands of private owners.

For states which are known for stringent environmental controls, the laws protecting New England's forests are surprisingly loose. New England forests also lack the rare plant and animal life and old-growth forests which have been invoked to enforce protection in other parts of the country.

"Because this is a new natural resource, it's relatively homogeneous ecologically," says Gary Decordova, who heads the Green Mountain National Forest agency. "In fact, one of our challenges is to increase diversity."

To maximise the economic impact of logging in the northern forests, state governments are hoping to encourage more "value-added" activity. Vermont recently converted 12 schools from electric to wood-burning heat to encourage local wood use, cutting energy costs by 10 per cent according to David Stevens, director of forests for Vermont.

To encourage value-added activities, New England states have launched a marketing campaign to attract wood-based industries to the area. Several furniture and furniture parts makers have opened their doors and companies have begun to make everything from wood curl packing materials to musical instruments.

Even if the logging industry is well-managed, however, the region's forests will still be threatened by pressures for development in the region. Demand is beginning to pick up for second-home building.

"What you get with second home development is a lot of small parcels of timber," says David Kittredge, associate professor of forestry at the University of Massachusetts in Amherst. "This poses an environmental problem, because the wildlife can't get to where it needs to go without crossing through developed areas or over highways. It also creates huge problems for the logging industry. Even if a lot of tree cover remains, it's expensive to move all the equipment around to log small plots of land."

Environmentalists hope to introduce legislation to improve controls on land use and forest practices in the region, but with so much land in private hands, they are likely to face an uphill battle.

But despite the problems, industrialists and ecologists in the region remain optimistic they will be able to resolve their problems. "The conflicts are building, but we still hope that with continued dialogue, we can manage the forests in such a way that everyone will benefit," says Balch.

When conservation efforts fail to protect

Despite sound funding and noble intentions, a project to curb deforestation rates in north-west Ecuador has collapsed, reports **Raymond Colitt**

Environmentalists applauded when the Global Environmental Facility was set up three years ago to create a United Nations-backed international fund for developing countries. They saw the GEF as a way for north and south to share responsibility for global environmental problems.

The World Bank was administrator of the fund. Developing countries were to receive $1.5bn (£1bn) over three years for projects on protecting the ozone layer, international waters and biodiversity, and limiting greenhouse gas emissions.

Yet earlier this year, a proposed GEF project in Ecuador, Ecoforest 2000, was dropped because of its controversial social and environmental implications. Its failure revealed the obstacles in implementing the GEF's objectives and raised questions over the World Bank's role as the administrator of such a fund.

Ecoforest 2000 was conceived as a long-term forestry management scheme to minimise deforestation of primary forest by planting tree farms for sustainable use by commercial timber companies. The tropical rainforest in north-west Ecuador has one of the world's highest biodiversity densities, but also one of the highest deforestation rates.

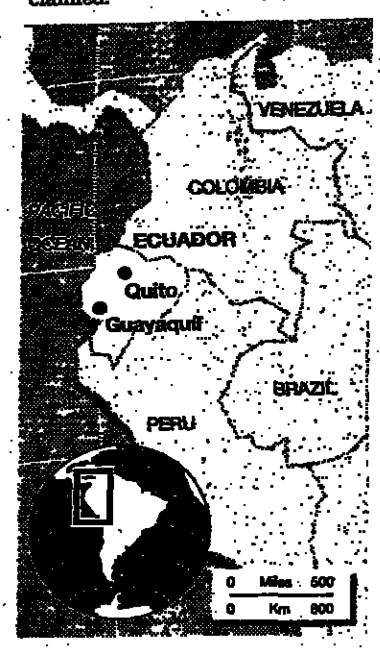
It was the first project to be approved by the International Finance Corporation, the private-sector financial arm of the World Bank, using GEF funds.

At first sight a laudable initiative, it was soon criticised by local communities and environmental groups.

Many asked why only a single managed timber source was planned as an alternative to existing sources, namely the Durini Foundation, a family-owned lumber group which is one of the wealthiest businesses in Ecuador.

The small landowners were said to have equal or larger environmental importance. The effect on the indigenous groups was also questioned.

Lorena Gamboa of the environmental group Acción Ecológica criticised the IFC-GEF's impact study, saying it underestimated the effect of resettling 40 to 50 families toestablish tree farms. Landless farmers were likely to increase pressure on deforestation and colonisation of virgin forest, she claimed.



The GEF's plans to lease lumber rights from indigenous people at extremely low prices in some of the last large tracts of primary forest also proved contentious.

While such concerns were being voiced, expectations for the project to meet community needs – to lessen acute poverty and enable development of regional infrastructure such as health services and schooling – were large. And these high expectations exacerbated the project's problems.

The IFC-GEF's alleged insensitivity to community needs prompted many to question their commitment towards conservation. Ecociencia, for example, an ecological research centre, says the project failed to provide an alternative for principal agents of deforestation in the area – the colonos, or settlers. Colonos subsist on sale of timber or clear land for farming.

Teodoro Bustamante, a member of Fundación Natura, Ecuador's largest environmental group, says the project's aim of a single and managed timber source in the area was based primarily on commercial principles, with conservation only a secondary consideration.

The IFC-GEF sponsored review of the project, released in March, confirmed many of the criticisms and revaluation needs. Funds were subsequently frozen and a round-table talk was scheduled for all those involved. But before the meeting, the IFC delegation announced its withdrawal.

"We were all disappointed by the withdrawal," says Bustamante, "and it ridiculed the entire consultation process, illustrating that they were not really interested in our input."

The subsequent collapse of the project has cast doubt on the potential for alternatives to the continuing destruction of tropical primary forest in Ecuador. Environmentalists are left with only bitter reproaches for how the project was handled. And the failure of the Ecuadorian government to develop a strategy of sustainable forest utilisation, and to allocate sufficient resources to the management of forests and protected areas, has created a hostile climate for foreign aid to benefit the country's environment.

But others believe one lesson can be learnt from the experience – future projects would benefit if environmental groups and local communities were involved in the early design of a project.

The need for this is highlighted by scientific studies showing that the 4 per cent annual deforestation rate will devour tropical forests of north-west Ecuador in a decade or two, eliminating an estimated five animal species per day.

Leading through Strength in R&D

In support its core activities in 'Electronics and Energy', Toshiba Corporation has expanded into vast array of fields—information and communication systems and electronic devices to heavy electrical apparatus, and consumer products.

In each of the areas Toshiba has targeted, the secret behind the company's success, believes company president Fumio Sato, is the high priority placed on research and development.

By Russell McCulloch

Mr. Fumio Sato, President and Chief Executive Officer, Toshiba Corporation

Technologies—A Driving Force for Corporate Growth

McCulloch: We are all looking forward to a recovery in the world economy. What do you think is the most important factor for Toshiba's continued corporate growth?

Sato: Kisaburo Yamaguchi, a former president of Toshiba, once said that a manufacturer without R&D facilities is like an insect without antennae. Strong technological capabilities provide the basis, the driving force, for corporate growth. This means that the ability to create innovative products is a key factor determining corporate strength in this severe business climate.

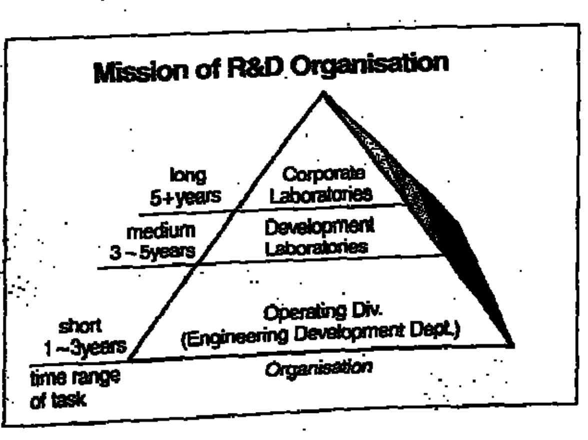
R&D also plays an important part in our "Three G" policy, covering Growth, Group and Global. To achieve growth, we have to direct our resources to facilitate expansion in promising areas. Our group policy is geared to enhancing group R&D, and so strengthen the overall capabilities of Toshiba Group. Our global target is continued promotion of globalisation, including expansion of overseas R&D and production. Here, we are also pursuing greater localisation in the management of our overseas subsidiaries, and realising our policies for competition, cooperation and complementarity through global alliances with major international companies.

Three-tier R&D Structure

McCulloch: How is Toshiba's R&D organised?

Sato: Our business interests are very diverse, ranging from information and communication systems and electronic devices to heavy electrical apparatus and consumer products. We see our field as "Electronics and Energy", from which we have derived the Toshiba slogan "E&E." We carry out research in the wide variety of technologies required to support "E&E."

Our R&D is organised in a three-tier hierarchy, with laboratories at each level carrying our different assignments. In the first-tier, the laboratories at our corporate Research and Development Centre conduct research from a long-range perspective of more than five years. That is, working on basic technologies that might be utilised in products in five or more years from now. The second-tier development laboratories belong to our different business groups. They are oriented to practical application of the technologies developed in the corporate labs, and are looking at commercialisation of new products within a three to five year time span. Final commercialisation, in under three years, is carried out by the engineering departments in each operating division.



McCulloch: It sounds as if the corporate laboratories are pushing forward essential research. Can you tell me more about their structure?

Sato: Well, in October last year we completed a major restructuring of corporate research and development. What we wanted to achieve was a further refinement of our capabilities. We wanted to break down barriers, promote inter-disciplinary activities and quicken our responses to fast-changing trends. We now have eight laboratories that make up the R&D Centre. They are Advanced Research, Materials & Devices Research, Communication & Information Systems Research, Energy & Mechanical Research, ULSI Research, Systems & Software Engineering, Environmental Engineering, and the Kansai Research Labs., which are responsible for R&D in information and communication technologies. Each of these is free to carry out their own projects. There is one more organisation I should mention. The Manufacturing Engineering Research Centre is responsible for developing production technologies used throughout the company. These are essential for reliable mass production of precision equipment.

McCulloch: What about numbers? How many engineers work in R&D?

Sato: Quite many. One of the reasons why so many Toshiba products enjoy worldwide recognition is because they incorporate the skills of our engineers and researchers, who number about 45 per cent of Toshiba Corporation's 75,000 employees. Researchers alone account for around 20 per cent of all employees. About 60 per cent of these work in the engineering departments, with the others equally divided among the R&D Centre and the development labs.

McCulloch: You have an extensive R&D structure in Japan. What about overseas?

Sato: We have four important overseas facilities. In January 1991, we set up the Toshiba Cambridge Research Centre in the UK to carry out basic research in semiconductor physics. Europe has taken the initiative in research in this field. In the US, our Advanced TV Technology Centre, established in May 1990, is working on new TV technologies, including High Definition TV. We also have US R&D facilities for software for information and communications systems and medical equipment.

Working towards a Synergy in Operations—Multimedia Business

McCulloch: Nowadays, we hear a lot about integrating technologies from different fields and about the impact multimedia will have. How is Toshiba responding to this trend?

Sato: Multimedia has become a buzzword

in the computer and consumer product industries. My understanding of the concept is that there are many different media that can carry and present information: video, text, visual images, sound. When they are handled as analog data—the way most media are still configured today—then each medium has its own analog form. That means different kinds of information can't be handled together, in the same way or within the same framework. Now we are seeing a "digital revolution" that will be more or less complete by the beginning of the next century. As with computers, all information sources will be fused in digitalised data and we will be able to process it in one, unified framework. Digitisation removes the differences between media, fusing them into the framework of multimedia. Consequently, more effective use of information will be realised and we expect our creativity to be dramatically enhanced.

McCulloch: So, multimedia means a fusion of the information, communications, audio and visual imaging equipment fields?

Sato: That is right. And that is why I believe Toshiba is one of the companies best positioned to realise the full potential of multimedia. As a comprehensive electronics maker, we are working towards a synergy in the wide range of products and services we cover in our operations. Electronic components, image compression, image filing and battery technologies are indispensable to multimedia. Toshiba has already made major advances in all these areas.

McCulloch: Can you give me some details?

Sato: As I am sure you know, we play a leading role in the world semiconductor market. We have also pioneered the research, development and commercialisation of liquid crystal displays (LCDs). In image compression, we are working to establish a world standard for a compression format which can send and record images without deterioration. Toshiba is a major player in CD-ROM and optical disks, products that have a central role to play in large volume data storage. In batteries, a joint venture with Asahi Chemical Industry to develop and manufacture lithium-ion rechargeable batteries has just started operation. These are next-generation batteries that are small and light-weight. With Apple Computer of the US, Toshiba is working on CD-ROM based personal multimedia players.

Our efforts are not only tied to hardware. Our limited partnership with Time Warner gives us access to an extensive software library.

Directing Resources for Progress towards the 21st Century

McCulloch: My understanding so far is that Toshiba has an extensive R&D operation and is active in a wide range of technologies. Turning to the long-term, which business areas will you focus on for the 21st century?

Sato: We are great believers in the benefits of a highly advanced information society, and we are making every effort to support its realisation. We are investing our resources in information and communication systems, particularly in the areas of broadband communications, high-speed information processing and digital technologies.

Our electronic components business is one that will continue to be central to growth. As one of the world's leading IC manufacturers, we will maintain our competitiveness in the market by providing further high value added products. To take one example, we are working on the process technology for a future generation of 256 megabit DRAMs in a joint development with IBM and Siemens. We are also very active in promoting flash memory technology, through alliances with major companies. This is a very exciting product with a lot of potential, including the eventual replacement of hard disk drives. We are cooperating with IBM Japan in another key area, large-size colour LCD.

In the energy business, we are focusing on fuel cells and combined cycle power generation, which enhances heat efficiency by combining conventional thermal power generation with a gas turbine. These efforts allow us to play an active role in tackling conservation of limited resources and supporting environmental protection.

"E&E" Supports the 21st Century

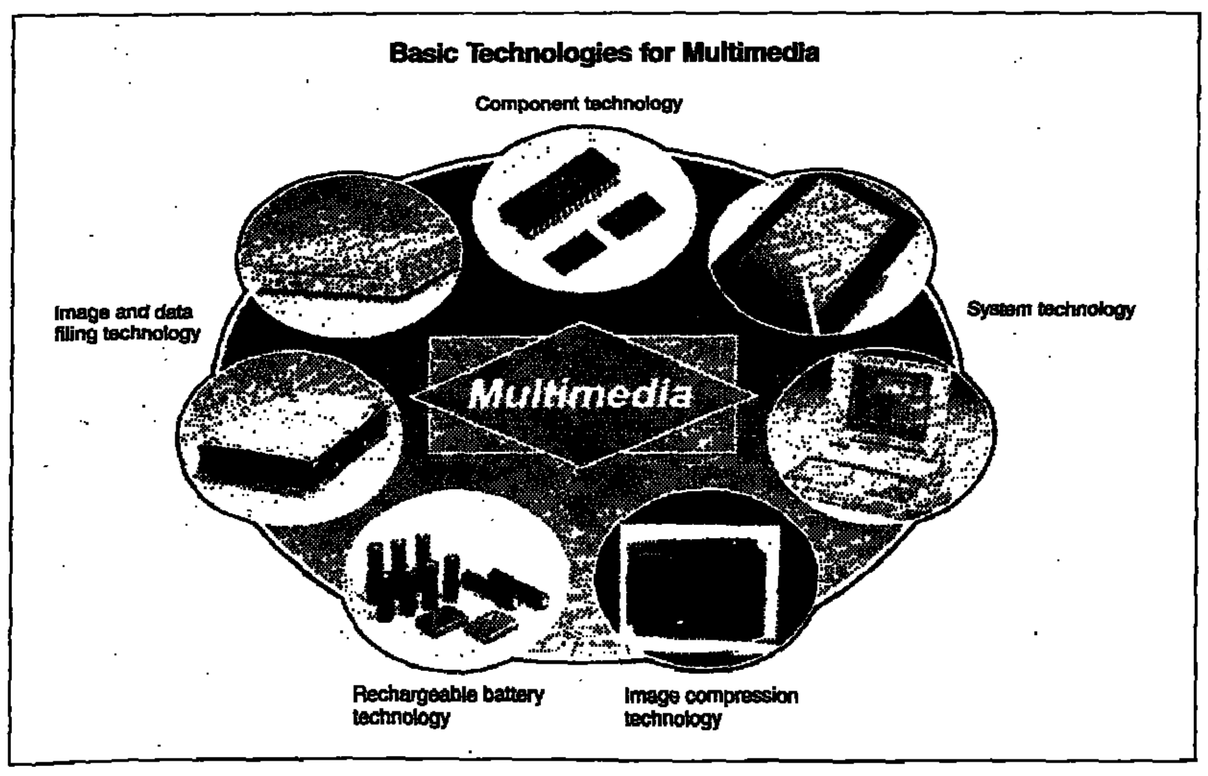
McCulloch: What kind of integration technologies are necessary for the 21st century?

Sato: I believe that the depletion of resources and the destruction of the environment will be critical problems in the 21st century.

Look at transportation. Every day, countless trucks are on the roads, carrying masses of products, materials and food. They cram the streets, burn non-recoverable fuels, and damage the environment. Ultimately, they hurt economic development and deplete natural resources.

Toshiba is conducting R&D into a new type of transportation system, a super-conducting magnetic levitated train. Here we are able to combine our wide-ranging capabilities in electronics with transportation technology, and develop an answer to our traffic problems. This is exactly the kind of integration made possible by our commitment to "E&E."

I believe that Toshiba has a lot to offer the world, as we cover a wide variety of businesses through Electronics and Energy. We have a huge potential to contribute to the progress of world society. The way I see it, that contribution is Toshiba's mission.



In Touch with Tomorrow

TOSHIBA

PEOPLE

TSB Scotland's new local hero

The so-called Scottish financial mafia which dominates the top jobs in Scotland's business world has a new recruit. Gordon Anderson, 62, the next chairman of TSB Bank Scotland, comes from a background markedly similar to many of his peers in the industry.

He has spent most of his career as an accountant, like Forbes Macpherson, the current chairman. Anderson was deputy senior partner of Ernst & Young and a former president of the Institute of Chartered Accountants in Scotland, while Macpherson is a former senior partner of Touche Ross in Scotland.

They both live in the posh Glasgow suburb of Bearsden and share the same telephone code. Anderson lives in Manse Road just a couple of doors down from Lord Macfarlane of Bearsden, who helped restore Guinness's fortunes after the excesses of Ernest Saunders' chairmanship. Anderson and Macfarlane both went to the High School of Glasgow and are members of Glasgow Golf club.

However, one can't quibble with the incestuous nature of the Scottish financial establishment if it guarantees results like those of TSB Bank Scotland. Last year it made pre-tax profits of £79.4m, or nearly twice as much as the whole TSB group. Sir Nicholas Goodison, chairman of the TSB Group, says that the Scottish market has always been a significant contributor to TSB's business and with a mortgage book of £1.5bn, it is one of Scotland's largest lenders in the housing market."

Anderson, who has been a director of TSB Bank Scotland since 1991, takes over from the 67-year-old Macpherson next March. Anderson has also been appointed a member of the TSB Group, the parent of TSB Bank Scotland.

Dew quits Thornton

The weekend departure of Peter Dew from his post of managing director at Thornton group, the fund manager owned by Dresdner Bank, was "entirely amicable and friendly and to do with a change in the management system," according to Lord Peter Walker, the former cabinet minister who chairs the group.

"There is no longer any real role for a conventional chief executive," says Lord Walker, who wants to see Thornton engage itself more actively in Europe, with funds jointly managed in, for example, Paris, Frankfurt and London. "We will be producing more European products and I see expansion both there and in the Far East."

Dew has long been regarded as a leading figure in Far East investment, and joined Thornton in 1988 after a period running his own property business. Among his positions before that had been a 16-year stint as director of Mercury Asset Management.

Thornton has plans to acquire Aetna UK's unit trust business and Lord Walker says "we will be making a number of other expensions and acquisitions, and I want to bring in a younger generation to manage the business over the next 15 years or so. I have made sure that Peter Dew has been treated very generously; the parting has been very amicable."

■ **Chris Blows** has been promoted to become head of settlements at NATWEST Investment Services.

■ **Alistair Mackintosh** and **Andrew Smith** have been appointed directors of PRUDENTIAL Venture Managers.

■ **Andrew Hunter**, group head of credit risk management, has been appointed general manager Americas at STANDARD CHARTERED on David Grant's retirement. He is succeeded by **Mick Green**, chief lending officer, UK retail banking with Lloyds Bank.

Bodies politic

■ **Elizabeth McCloy** has been appointed, through open competition, chief executive of the OCCUPATIONAL HEALTH SERVICE and medical adviser to the civil service; she succeeds **George Sorrie** who has retired.

■ **David Freeland**, former national secretary of the British Furniture Manufacturers' Federation, has been appointed secretary general of the INSTITUTE OF PRINTING.

■ **Brian Nicholson**, chairman of the Advertising Standards Board of Finance, has been appointed chairman of the ADVISORY COMMITTEE ON ADVERTISING; he succeeds **Anne Ferguson**, who remains on the committee.

■ **Keith Edwards** is to succeed **Viv Bingham**, general manager personnel services at the CWS, as chairman of the NATIONAL WHOLESALE TRAINING COUNCIL.

■ **Mary Acland-Hood** has been appointed temporary secretary general of The URANIUM INSTITUTE while a permanent replacement for **David Kay** is sought.

■ **Michael Morris**, a director of High-Point Europe, has been appointed the British representative on the standing committee of the International Chamber of Commerce INTERNATIONAL CENTRE FOR EXPERTISE.

■ ***Sir Geoffrey Allen***, executive adviser, Kobe Steel, has been appointed chairman of the UK/JAPAN AND ASIA-PACIFIC ADVISORY GROUP on Science and Technology.

Lesley Klein and Michael Bear (left) have recently joined one of the City's more unusual boards, that of Bethnal Green City Challenge, one of 20 nationwide city challenge organisations set up by the department of the environment to rejuvenate Britain's dilapidated inner-cities.

Bethnal Green's version is 18 months into its £35m five-year programme. As chief executive, Klein, an accountant by training, is engaged full-time on a variety of projects, while Bear, chairman, is on secondment (one day a week) from his post as managing director of BICC Developments, the property arm of the BICC Group.

The City Challenge organisations are a peculiar mixture of public money and private sector volunteer work. In Bethnal Green, says Klein, one of the biggest challenges is to integrate more fully its large Bangladeshi community into the life and work of the area.

"We are a stone's throw from the City. We can see the wealth it has but the local ethnic communities here are inspired by that, they have a very commercial and entrepreneurial attitude," says Klein.

Like many others they are praying for an upturn in the property market; one of the biggest projects – currently on hold – is a planned rejuvenation of the Albion brewery site in Whitechapel which it is planned will house a new superstore for the retailer J. Sainsbury.

No. 007449 of 1993
In the High Court of Justice
Chancery Division
Mr Registrar Pimm

IN THE MATTER OF THE MANCHESTER SHIP COMPANY
and
IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE OF MEETINGS

NOTICE IS HEREBY GIVEN that, by an Order dated the 27th day of August 1993 made in the above matters, the Court has directed separate Meetings to be convened of the holders of (i) the Scheme Ordinary Shares; and (ii) the Scheme Preference Shares as respectively defined in the Scheme of Arrangement hereinafter mentioned, for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between the above-named company ("the Company") and the holders of the Scheme Ordinary Shares and the Scheme Preference Shares and that such Meetings will be held at the Lesser Free Trade Hall, Peter Street, Manchester on the 21st day of September, 1993 at the respective times mentioned below:

(i) the Meeting of the holders of the Scheme Ordinary Shares at 11.30 am;

(ii) the Meeting of the holders of Scheme Preference Shares at 11.45 am or as soon thereafter as the preceding Meeting shall have been concluded or adjourned;

at which place and respective times all such shareholders are requested to attend.

Copies of the said Scheme of Arrangement, together with the Form of Election referred to therein, forms of proxy and copies of the statement required to be furnished pursuant to Section 426 of the above mentioned Act can be obtained at the principal office of the Company and at the offices of its solicitors. The principal office of the Company is at Quay West, Trafford Wharf Road, Manchester, M17 1HH.

The said shareholders may vote in person at such of the said Meetings as they are entitled to attend or they may appoint another person, whether a shareholder of the Company or not, as their proxy to attend and vote in their stead.

A form of proxy for use at each of the Meetings is available as stated above.

In the case of joint holders of either class of share the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Shareholders.

It is requested that forms appointing proxies be lodged at the Company's registrar, KPMG Peat Marwick, Freepost, Stoke-on-Trent, Staffs ST1 5BR, not less than 48 hours before the respective times appointed for the said Meetings, but if forms are not so lodged they may be handed to the Chairman of the Meeting at the Meeting at which they are to be used.

By the said Order the Court has appointed Sir Peter Lazarus or failing him J B Chilton Esq or failing him Councillor G E Stringer to act as Chairman at each of the meetings and has directed the Chairman to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED 1st September, 1993

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA
Solicitors to the Company

NOTICE TO HOLDERS OF

Trans-Western Exploration Finance N.V.
8.75% Convertible Subordinated Guaranteed Notes Due April 1, 1986 and 9.00% Convertible Subordinated Guaranteed Debentures Due March 1, 1997

NOTICE IS HEREBY GIVEN to the holders of the above referenced Notes and Debentures issued by Trans-Western Exploration Finance N.V. guaranteed by Trans-Western Exploration, Inc. that the Trustee has received $48,864.20 as a final distribution for Class 8 claims under the joint plan of reorganization of Trans-Western Exploration, Inc. and Trans-Western Production, Inc. in their bankruptcy proceeding in United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Nos. 385-31045-F-11 and 385-32306-F-11. The full amount of such distribution has been applied by the Trustee to pay its outstanding fees and expenses, including reasonable attorney's fees and expenses, in connection with the notes and debentures which exceed the amount of such distribution. The indentures for both the notes and the debentures provide that any monies collected by the Trustees shall first be applied to pay all fees and expenses owed to the Trustee under the indentures prior to the payment of any amounts to the holders and that the Trustee has a lien on such funds prior to the holders to secure payments of amounts owed to it. Accordingly, no funds are available from such distribution to make any payments to the holders of the notes or the debentures.

NationsBank of Texas, N.A.
Trustee
(successor Trustee to First National Bank in Dallas)
Publication Date: August 18, 1993

REQUEST FOR PROPOSALS

The State of Washington State Investment Board (WSIB) is a public state agency with the investment management responsibility for 22 funds in three classes: retirement, insurance and permanent funds. WSIB is issuing a Request for Proposals (RFP) for the purpose of hiring one or more qualified firms to provide international investment management services in a passive non-U.S. equity managed portfolio.

Although investments will be passive within countries, the individual country weights will be directed by WSIB. Approximately $200-$250 Million U.S. in assets initially will be invested in the passive non-U.S. equity managed portfolio.

To be qualified, an offeror must manage $1 Billion U.S. or more in a passive international equity product, have three or more years performance history in the subject product, manage separate regional and country funds and have two or more institutional clients.

WSIB will begin mailing the RFP on September 3, 1993. Proposals are due October 5, 1993. If your firm is qualified and would like to participate in this procurement you may obtain a copy of the RFP by contacting by facsimile:

Mr John Lynch
Washington State Investment Board
Olympia, Washington
FAX: (206) 664-8912
Voice: (206) 664-8911

ABN·AMRO Holding N.V.

established in Amsterdam

The Managing Board of ABN AMRO Holding N.V. wishes to announce that it has been decided, with the approval of the Supervisory Board, to distribute an interim dividend for the 1993 financial year of NLG 1.45 per ordinary share of NLG 5 nominal value.

The interim dividend of NLG 1.45 may be taken at the shareholder's option either entirely in cash or NLG 0.25 in cash and a distribution of ordinary shares charged to the share premium reserve in the ratio of one new share for every 50 shares held.

The new ordinary shares will rank for the final dividend for the 1993 financial year and the full dividend for ensuing financial years.

Payment in the form of ordinary shares chargeable to the share premium reserve is exempt from Dutch withholding tax and income tax.

As of September 8, 1993, the interim dividend on ordinary shares will be payable at the following addresses:

Netherlands: any office of ABN AMRO Bank N.V.,

United Kingdom: National Westminster Bank Plc., Stock Office Services, (Crawley).

In connection with the above, NLG 0.25 and NLG 1.20, less 25% withholding tax, will become payable in exchange for dividend coupon nos. 13 and 14, respectively.

Shareholders opting for payment in the form of ordinary shares chargeable to the share premium reserve will receive one new ordinary share of NLG 5 nominal value in exchange for every 50 dividend coupons no. 14. The closing date is September 24, 1993. After this date holders of dividend coupons no. 14 can obtain payment in cash only. The new ordinary shares in respect of unexercised stock dividends will be sold.

Holders of CF-certificates will receive the cash dividend, less 25% withholding tax, and their rights to ordinary shares through the institutions where the dividend sheets belonging to their certificates were deposited at the close of business on August 30, 1993.

In respect of the exchange of dividend coupons no. 14, which must be provided with a company stamp on surrender, no commissions will be charged so that said exchange can be made free of charge to the holders.

Persons presenting dividend coupons no. 14 for exchange and requesting delivery of securities at offices other than those stated above may be charged commission.

Holders of registered shares, whose names have been entered in the ordinary share register will be notified individually by the company of the amount of dividend payable to them.

Amsterdam, August 30, 1993

ABN AMRO Holding N.V.

ABN·AMRO

ABN·AMRO Holding N.V.

established in Amsterdam

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An extraordinary General Meeting of Shareholders of ABN AMRO Holding N.V. will be held at 22 Foppingadreef, Amsterdam-Zuidoost at 10.00 a.m. on Tuesday, 14 September 1993.

Sole subject of the agenda: Change of the articles of association.

The agenda and the proposal for the change of the articles of association with the accompanying explanation, are open for inspection and may be obtained free of charge at Head Office, 22 Foppingadreef, Amsterdam-Zuidoost, the branch at 597 Herengracht, Amsterdam, and the banks mentioned below.

All shareholders and holders of depositary receipts may attend the meeting either in person or by a proxy authorised in writing, provided that the holders of ordinary bearer shares and depositary receipts have deposited their share certificates and depositary receipts, respectively, not later than Friday, 10 September 1993, at one of the following banks:

Netherlands: any office of: ABN AMRO Bank N.V.

United Kingdom: National Westminster Bank Plc., Stock Office Services, (Crawley), ABN AMRO Bank N.V. (London, Birmingham and Manchester)

Holders of registered shares wishing to attend the meeting either in person or by a proxy authorised in writing must inform the Managing Board of the company in writing of their intention to do so (P.O. Box 600, 1000 AP Amsterdam) not later than Friday, 10 September 1993.

Persons other than shareholders and holders of depositary receipts who are entitled to attend the meeting must also notify the Managing Board of the company in writing of their intention to do so not later than Friday, 10 September 1993.

Subject to the provisions in the Articles of Associations, holders of ordinary shares and preference shares may exercise their voting rights at the meeting.

The receipt in exchange for the deposited shares or depositary receipts will serve as the attendance card for the meeting. The holders of registered shares will receive an attendance card by post.

The Managing Board,

Amsterdam, 30 August 1993

ABN AMRO

Television / **Christopher Dunkley**

Retrotelly: where trash becomes art

SUMMER 1993 is proving a less than glittering season on British television. There are several possible reasons. The BBC has been going through the largest managerial change in its 70 year history: the "Birtian revolution" is being felt on screen, staff are preoccupied with operating the corporation's new internal market, "Producer Choice", and both BBC channels have new controllers, Alan Yentob, former controller of BBC2 having moved to BBC1, with his protégé Michael Jackson taking over BBC2. Perhaps it would be remarkable if, in the midst of such upheavals, they managed to create sparkling schedules, especially as the summer is always the dullest season of television's year anyway.

Yet even taking all that into account, BBC programmes seem to have been more drab and uninviting than you might expect. It is hard to escape the feeling that this has something to do with attempts to offset those huge over-spends a year or so ago when tens of millions of pounds "went missing" (in the ghastly phrase so beloved of television news programmes) because, if I understand correctly, in the days before Mr Birt's accountants moved in, different BBC departments withdrew the same sums of money several times over from computerised budgets without anyone noticing what was going on. This summer's abnormally large number of repeats could, perhaps, have something to do with balancing the books.

ITV has also been feeling the effects of the largest managerial change in its history. True, their old system lasted less than 40 years, and some of the regional production companies – London Weekend (with 16 new millionaires on its staff last week thanks to the share options which held them in "golden handcuffs" through the supposed temptations to move elsewhere at the time of the licence auction) Anglia, Scottish and so on – have remained where they were, and to some extent as they were, through the revolution brought about by the franchise system. But the new process for getting programmes on to the air, with the Network Centre taking over as scheduling dictator from the old committee, or "horse trading" system, has probably still not had its full effect on screen.

Bad drama class: Gerald Harper as Adam Adamant

Lead times for the production of big television series run into years, so we shall not see the full effect of the Network Centre's decisions even in the coming autumn season. However, some anxious programme makers are already suggesting that the centre, fearful about such long lead times, is opting for "short termism" and declining to support, say, documentary schemes which need several years to come to fruition, or even to commission a series as well-tried as *This Is Your Life* for more than 12 months. It seems it was this that drove its producers (Thames Television, now the biggest of Britain's independents, having lost their London licence to Carlton) back into the arms of the BBC where they were offered a contract for several years.

Whatever the background, this summer season has felt more top heavy with repeats than any before. It has previously been argued here that, with the growing number of channels these days, any television service which reckons to go beyond sheer time-filling ought to be producing a considerable proportion of programmes worthy of repeat since most viewers will inevitably miss the first transmission. That does not seem to be a common view, however. Even though repeats of series such as *Open All Hours* and *The Good Life* are so popular that they regularly feature in Top 20 lists, many viewers still consider all repeats a form of "cheating" by the broadcasters and they assume that programme controllers should and do feel ashamed about being forced into using quite so many. But matters do not seem to be quite as simple as that. The gap between a common or garden repeat and a "retro" series is virtually invisible, and retrotelly, at least among broadcasters, is becoming fashionable.

This column has long campaigned to sustain 10 per cent or so of the output from British television at a level which will make it attractive to the sort of people who read this page. BBC2 has always been the main provider of that sort of programme. Last week Jackson announced his plans for the autumn and he did have good news, especially in drama: *The Changeling*, *Suddenly Last Summer*, *Hedda Gabler* and *The Entertainer* with Michael Gambon as Archie Rice are due this autumn. But in other categories, particularly music and arts, things look more doubtful: animated versions of great opera arias and a 13-part series "featuring archive footage of some of radio's greatest disc jockeys in action". Most ominous was the manner in which Jackson chose to be photographed at his press conference. With an oil painting to mark the repeat of *Civilisation*? No. With a piano as a reminder of coverage of the Leeds competition? No. He went before the cameras with a Captain Scarlet puppet to illustrate his decision to repeat the sub-Thunderbirds series *Captain Scarlet And The Mysterons*.

Could it be that Jackson, the first channel controller to have been through the "media studies" mill, is part of the Modern Review crowd who sincerely believe that *Dr Who*, the Mario Brothers and the Bay City Rollers are just as significant as *Dr Faustus*, *The Brothers Karamazov* and *Beethoven*, and that they have just as much to contribute to the arts? It looks as though that may be so. Time was when it was thought a bit of a giggle to raid the archives and pull out the most dreadfully dated junk to show over a bank holiday. John Wyver and Paul Madden started it at Channel 4, and in small amounts at long intervals it was, indeed, amusing, like coming across an episode of Hopalong Cassidy on the cable network while stuck in some US hotel room overnight. But all of a sudden it seems to have gone from a bit of a giggle to a deadly serious part of the scheduling battle.

It is not always necessarily dirt cheap to show old (British) programmes; you may have to track down surviving actors and pay them again. It is fair to assume, however, that BBC2's 12 hours of programmes from the 1960s on Bank Holiday Monday, from 11.30 am to 11.30 pm, worked out a lot cheaper than making 12 hours of high quality programmes. There were mesmerising moments – Sandie Shaw in white flying helmet, clear wraparound plastic specs and huge false eyelashes, driving a sportscar along a beach while singing "Get Your Kicks On Route 66", the cast of *Adam Adamant* looking and sounding like a bad drama class, Paul Johnson telling Germaine Greer "We used to have the most wonderful parties at 10 Downing Street" – but if a joke it went on too long.

If not a joke, if people high up in the BBC have really come to believe that schlock telly is a subject as worthy of our attention as renaissance painting or grand opera, then in spite of what has been argued here in the past, we may be approaching a time when television will no longer be a fit medium for grown ups. Why has BBC2 made three programmes about David Frost rather than three about Peter Brook or George Steiner? Presumably because, first, people in television, the world's most self-regarding industry, honestly think that Frost is more important and, second, because the material on Frost but not on Brook or Steiner is all there in the archives.

It is one thing to fill the summer schedules with repeats of modern programmes for short-term budgetary reasons. It is quite another thing, at a time when the BBC is so insistent upon the need to provide high quality and be distinct from other broadcasters, to start packing the schedules with precisely the same sort of cheap retrotelly we are being offered by the satellite channels UK Gold and Bravo. If the people who run the BBC are going to march with bright smiles into that trendy world of relativism where all values are equal, then it does look as though the falcon cannot hear the falconer.

Edinburgh / **Alastair Macaulay**

Sex, death on the fringe

SEX AND death were already to the fore in the first bunch of plays the Traverse presented during this Edinburgh Festival. They are more so in the five plays that have now joined the Traverse repertory. In Brad Fraser's *The Ugly Man*, they are conjoined. Fraser is the Canadian author of *Unidentified Human Remains and the True Nature of Love* (an award-winner recently seen at the Hampstead theatre); *The Ugly Man*, which is shown here by the Canadian troupe One Yellow Rabbit, is his modern-day version of *The Changeling*, re-set on a farm in the mid-west.

And camped up. The original *Changeling* point about the heroine's gathering hunger for depravity is underlined here with schematic clarity – but Fraser has added a gay subtext, and he has sex scenes on stage. Whereas *The Changeling* is straight melodrama, *The Ugly Man* plays melodrama for laughs – slightly creepy laughs. Which could work brilliantly, but needs playing more pithy than most of the Yellow Rabbit performance give it.

Blue Night in the Heart of the West, by James Stock, first shown in London in 1991, tells a weird story about a Scotman's journey to Nevada and the crazed web of incest and morbidity that trap him there. Well, maybe it was high time to put the Henry James scenario (American innocents caught in decadent Europe) into reverse. And it is a hoot, after the urgent but wordless open-air scene of sexual intercourse that began the play, to hear the man (his trousers still down) address the woman as "Mom". But I could see no overall point to this psychosexual horror story. Its jokes, its horrors, its psychological revelations all seemed incidental, and I never knew where the play's core lay.

Crossfire (1989), by Michael Azama and translated from his French by Nigel Gearing, is presented by Paines Plough. It is all about death, and in particular the innocent victims of political killings (war etc), seen just before and after the moment of their demise. Anna Furse directed. I found that the play consisted of either seemingly natural dialogue paced with zero spontaneity or utterly unspontaneous dialogue delivered with creepily natural pacing; and, after an hour of stony boredom, I used another Fringe event as my genuine excuse to leave.

Call Me Susan, by Jean Findlay, is all about prostitutes, and manages to be exceptionally dull, pretentious and phoney for all its 70 minutes. Mainly it involves two high-class prostitutes talking about the trade in bored, sub-Socratic dialogues. In between these droning conversations (badly spoken by Kate Beswick and Findlay herself), you hear the taped voices of real-life European prostitutes. You cannot *believe* how deadly this fascinating subject becomes; but take my word for it.

Enough of sex, enough of death. *Bloodstream*, by Andrew Buckland and presented by Mouthpiece and the Market Theatre Company (South Africa), has neither. Though I began by finding it trite and unoriginal, it gradually had me happily hooked. It is a cartoon piece of green agitprop about the man who is about to cut down the last tree on earth; it is also a journey-through-the-body adventure comedy, told largely in mime, about two rebel bloodcells' quest to reach (and change) the woodcutter's mind.

No, nothing about this is especially novel or profoundly adult. Andrew Buckland and Lionel Newton are, however, performers of such zest, impishness, virtuosity and commitment that they become irresistible. Their's is a Moving Picture Mime Show style, full of "kersplosh" sound effects as they swim through, or impersonate parts of, the human physique; but they also have lively, neatly satiric, text, loaded with a relentless supply of puns (the body politic, cardiac arrest).

Bloodstream is agitprop as cartoon fun: a surprising and welcome combination amid an otherwise lurid and morbid scene.

The Ugly Man, *Blue Night in the Heart of the West*, *Crossfire*, *Call Me Susan*, and *Bloodstream* all continue at the Traverse until September 4.

Bill T. Jones dance

SUPERFICIALLY, the American dancer-choreographer Bill T. Jones has plenty going for him. He has striking stage presence; great good looks; he can present a programme of five works in largely different moods; his company includes dancers black and white, slim and obese; his choice of music includes classical, jazz, minimalist; his dance vocabulary, includes chunks of ballet, medieval and various modern styles; he has women partnering men; and men partnering men too.

But Jones's work does not show you the catholic, liberal, inclusive world view that the above would suggest. For all his magpie mix of dance material, dance is not the point of his choreography. From the time of Jones's first London appearance (1981), right through to this last weekend in Edinburgh, it has been clear that his work is all about attitudinising. OK, some of the attitudes that Jones & Co strike could not be more politically correct – pro-gay, anti-racist, etc. But they are designed simply to win applause.

Lois Greenfield

Repugnant: Bill T. Jones dance company

By "attitudinising", I mean that Jones is, literally and metaphorically, a poser. See, for example, his own big solo, *Last Night on Earth* , where (dressed in only his underpants, the better to show you his famously gorgeous physique) he delivers signs and poses in monotonously bash-bash patterns – and then explains to you what he thinks the signs and poses mean.

Though Bill T. has severe limitations as a dancer, he gives himself such guarded exposure that you may well not notice that his phrasing is monotonously harsh, that he lacks the strength to sustain a shape in the air while jumping, that he cannot support leg extensions from the centre of his body. In his fellow-dancers, however, these and other failings are grossly apparent. He gives them whole wodges of rigorous Cunningham technique (in *Fete*), and delicate, fiddly, balletic petits battements (in *D-Man in the Waters*), and *anyone* can see that rigour and delicacy are what they lack – that these dancers cannot do these steps with any true precision.

The point, I guess, is that Jones wants his troupe to look loveably fallible. Hey, if we want to do Cunningham technique or petits battements, if our fattest obese dancer wants to try jumping in grand jeté, then why not go ahead? This would be less creepy if Jones dared to present himself that way too. Yet his co-dancers *enjoy* failing. In *D-Man in the Waters*, which is set to Mendelssohn's wonderful octet, they get so out of hand that they talk, laugh and finally yell at each other over the music.

Nor have I ever seen an American dance company (not even Lar Lubovich's troupe) employ so much facial mugging. You can make weak dancers still dance seriously if you give them real phrasing, but Jones prefers to have them pull facial expressions at the audience, cueing us how to react.

Need I go on with this catalogue? I have loathed everything I have ever seen Jones & Co. do.

La danse, c'est une question morale, said Balanchine; and I find Bill T. Jones & Co. morally *repugnant*.

A. M.

Opera / **Max Loppert**

Street Scene

SECOND offering of the 1993-94 English National Opera season is an absolutely first-rate revival of Kurt Weill's *Street Scene*. The company has taken time to get under the work's skin – when first shown at the Coliseum, in 1989, this David Pountney production seemed disappointingly overloaded with staging tricks. Now these are scraped away, to reveal an operatic cityscape teeming with acutely observed character, and contained by an exact appreciation of Weill's multifarious musico-dramatic skills and single-minded purpose.

In this 1946 "Broadway opera" the blending of his European and American styles achieves something entirely *sui generis* (not the less so for having *Porgy and Bess* in its direct line of ancestry). Rich in incident, with a knockout "specialty number" in each act, the piece is actually a tightly unified examination of life at the raw end of the modern city. "Why do we go on living in this sewer?" – the question framed by Sam Kaplan, the opera's conscience – is its theme.

Street Scene is a work at once "serious" and "popular"; for me it is one of the masterpieces of 20th-century opera. Certainly, ENO perform it as though every member of the large ensemble subscribed with missionary enthusiasm to that belief. James Holmes, who conducted last year's revival, unfolds the tapestry with masterly tautness (which includes the knack of knowing where to relax his grip). Voices are occasionally covered (do I now detect amplification of the slighter singing voices, as well as of spoken dialogue?). In spite of this, every detail tells.

Most of the current cast also took on their roles last year: the superbly in-the-blood accounts of Frank Maurrant (by Mark Richardson), Mrs Jones (Meriel Dickinson), Harry Easter (Richard Halton), Henry (Keel Watson), the song-and-dance duo (Philip Gould and Caroline O'Connor) – and too many others to list deserve a column of close-focused praise all to themselves. So does the lean, quicksilver Sam of Kevin Anderson (whose quietly reflective "Lonely House" is a high point); in all her London appearances Lesley Garrett has done nothing better than this warm, candid, gutsy Rose Maurrant.

But I cannot end without celebrating the new Mrs Maurrant, Josephine Barstow. She has already recorded the part (for Decca); now she adds it to her long list of ENO glories. Anna Maurrant is the opera's tragic victim; each of the company's previous incumbents – Kristine Ciesinski, Phyllis Cannan, Janice Cairns – brought something intense, illuminating, heartfelt to the part, and only a fool would want to claim latest as best. But Barstow's tremors and frailty, her brief moments of bruised tenderness, her soaring account of the Act 1 aria are the quintessence of her singer-actor's art.

Sponsored by Woolwich Building Society; in repertory at the London Coliseum until September 28.

INTERNATIONAL ARTS GUIDE

■ BONN

Oper Tonight, tomorrow, Fri, Sat: Vienna Festival production of new Lyubimov/Schnittke music-theatre work entitled Homage to Zhivago. Sun: Valery Panov's production of Prokofiev's ballet Romeo and Juliet (0228-773667)
Beethoven-Haus Belgian pianist André de Groote continues his Beethoven sonata cycle with recitals on Sep 7, 14, 21 and 28 (0228-773666)

■ COLOGNE

Philharmonie Tonight: Beethoven chamber music programme. Fri: Kurt Masur conducts Leipzig Gewandhaus Orchestra in Schubert's Eighth Symphony and Bruckner's Fourth. Sat: Gidon Kremer and friends. Sun morning, Mon and Tues evening: James Conlon conducts Gürzenich Orchestra in works by Mendelssohn and Mahler, with piano soloist Rudolf Firkusny. Next Wed: Simon Rattle conducts CBSO (0221-2801)
Halle Kalk This newly-completed subsidiary stage of the Schauspielhaus, located at Neuerburgstrasse, will be inaugurated on Sat with a revival of Günter Krämer's production of The Threepenny Opera. Performances continue on most evenings till the end of the month (0221-221 8400)

■ COPENHAGEN

● Revivals of Carmen, Die Zauberflöte, Ariadne auf Naxos and Heise's historical opera Drot og Marsk dominate the opening weeks of the Royal Danish Opera's 1993-4 season, the first with Elaine Padmore as artistic director. The first new production is Peter Grimes, opening on Oct 23. The Royal Danish Ballet performs the Neumeier production of Romeo and Juliet on Sep 9, 14, 17 and 20, Napoli on Sep 10 and a mixed bill on Sep 23, 24 and 27 (tel 3314 1002 fax 3312 3692)
● The summer season at Tivoli Gardens continues with a week of performances by New York City Ballet (Sep 7-12), a semi-staged performance of Nielsen's opera Maskarade (Sep 15) and a recital by Katia Ricciarelli (Sep 18). Ole Schmidt conducts the closing orchestral concert on Sep 19 (3315 1012)

■ FRANKFURT

Frankfurt's music festival opens on Fri with the first of two concerts by St Petersburg Philharmonic Orchestra conducted by Yuri Temirkanov. On Sun morning and Mon evening, Sylvain Cambreling conducts Frankfurt Opera Orchestra in works by Berg, Mozart and Haydn, with piano soloist Rudolf Buchbinder. On Sun evening, Ensemble Modern pays a 70th birthday tribute to György Ligeti. Mon and Tues (Mozart Saal): Martin Haselböck directs a Viennese historical instrument ensemble in Bach and Haydn. The festival continues till Oct 10 (069-1340 400). Speculum Musicae, a historical instrument ensemble, gives a concert on Sat in Kaiserdom St Bartholomäus (069-290787)

■ GOTHENBURG

Konserthuset Tomorrow and Fri: Neeme Järvi conducts Gothenburg Symphony Orchestra in works by Smetana and Stenhammar (031-167000)
Stora Teatern Tomorrow: John Copley's production of L'elisir d'amore, sung in Swedish. Sat and next Tues: Offenbach's Orpheus in the Underworld. Sun: Petri Sakari conducts orchestral works by Mozart, Sibelius and Alfven. Sep 24: premiere of new ballet by Robert North (031-131300)

■ HAMBURG

Musikhalle Tonight: Gerd Albrecht conducts Czech Philharmonic Orchestra in works by Gideon Klein, Dvorak and Brahms, with violin soloist Uto Ughi. Tonight (Kleiner Saal): Tokyo String Quartet. Tomorrow: Horst Neumann conducts North German Radio Symphony Orchestra and Chorus in a programme devoted to the Egyptian-Greek composer Jani Christou (1926-1970). Sat, next Tues and Fri: Ulf Schirmer conducts concert performance of Gounod's Roméo et Juliette, with Ruth Ann Swenson and Francisco Araiza. Sun morning, Mon evening: Kent Nagano conducts Hamburg State Philharmonic Orchestra in Schoenberg, Jani Christou and Brahms. Sun evening: Yuri Temirkanov conducts St Petersburg Philharmonic Orchestra in Brahms and Stravinsky, with violin soloist Viktor Tretiakov. Next Wed: Lorin Maazel conducts Brahms (040-354414)

■ HELSINKI

HELSINKI FESTIVAL
Grigori Sokolov gives a piano recital tonight at the Sibelius Academy. Tomorrow, Marek Janowski conducts Finnish Radio Symphony Orchestra in Finlandia Hall, in a programme including Beethoven's Eroica Symphony and the Four Sea Interludes from Britten's Peter Grimes. Fri and Sat: Esa Pekka Salonen conducts Swedish Radio Symphony Orchestra in works by Bartok, Lutoslawski, Lindgren, Haydn and Beethoven. Sun: Miguel Gomez-Martinez conducts Finnish National Opera Orchestra in Turina, Britten and Sibelius, with piano soloist Ralf Gothoni. Mon: Lahti Symphony Orchestra plays works by Finnish composers. Tues: Leonid Kavakos violin recital. There are also performances by Ingun Björnsgaard Dance Company tomorrow and Fri in Savoy Theatre. The festival ends on Sep 12 (0-664466)

■ LEIPZIG

Gewandhaus Sat: Daniel Nazareth conducts MDR Symphony Orchestra and Chorus in works by Gubaydulina, Schumann and Mahler. Sun: Dresden Staatskapelle chamber music evening. Sep 9: Kurt Masur opens the 1993-4 Gewandhaus Orchestra season. Sep 15: Sviatoslav Richter (0341-7132 280)

■ MUNICH

● The opening concert of the Munich Philharmonic's 1993-4 season takes place on Sep 9 at Gasteig, with a programme conducted by Sergiu Celibidache, featuring Daniel Barenboim as soloist in Beethoven's Fifth Piano Concerto. Celibidache also conducts Bruckner's Eighth Symphony on Sep 10, 12 and 13 (089-4809 8614)
● The new season at the Staatsoper, the first to be organised by Peter Jonas, opens on Sep 18 with Günter Krämer's production of La traviata, starring Julia Varady (089-221316)

■ STOCKHOLM

Drottningholm This year's festival ends with a song recital by Edita Gruberova on Fri and a performance on Sat of Figaro, Ivo Cramer's ballet-pantomime after Beaumarchais (08-660 8225)
Royal Opera Repertory over the coming week consists of Suppé's operetta Boccaccio and Cosi fan tutte. The first new production of the season is Elektra, opening on Sep 11 (tickets 08-248240 information 08-203515)
Konserthuset The Royal Stockholm Philharmonic Orchestra's new season begins on Sep 8 and 9 with a programme conducted by Gennadi Rozhdestvensky, featuring works by Nielsen, Rakhmaninov and Scriabin (tickets 08-102110 information 08-212520)

■ STUTTGART

● The final month of this year's Ludwigsburg Festival features Gidon Kremer (Fri), the Stuttgart Ballet (Sep 10-15), song recitals by Edita Gruberova and Renato Bruson (Sep 19, 20), symphony concerts conducted by John Eliot Gardiner and Roger Norrington (Sep 21, 23) and a concert performance on Sep 26 of Verdi's Giovanna d'Arco (07141-949610)
● A two-week music festival organised by the International Bach Academy opens on Fri at the Liederhalle with a performance of Monteverdi's Vespers conducted by Helmuth Rilling. Andrew Parrott conducts the Taverner Consort in Bach's B minor Mass on Sat, and Krzysztof Penderecki conducts Beethoven's Missa Solemnis on Sun. Other highlights include two concerts by the Gothenburg Symphony Orchestra under Neeme Järvi (Sep 11 and 12) and recitals by Alfred Brendel (Sep 15) and Tatiana Nikolaeva (Sep 17). Rilling conducts the closing choral concert on Sep 19 (0711-295551)
● The opera season at the Staatstheater opens on Sep 12 with Parsifal (repeated Sep 15, 19, Oct 2 and 5). The first new production is the world premiere on Oct 3 of Hans Zender's new opera, Don Quijote de la Mancha (0711-221795)

ARTS GUIDE
Monday: Berlin, New York and Paris.
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Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
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Saturday Super Channel: Financial Times Reports 0930
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Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Edward Mortimer

There's life in it yet

European union will go forward, but it needs a route map

Reports of the death of the European exchange rate mechanism are exaggerated, but not greatly. Reports of the death of the Maastricht Treaty on European Union are, to say the least, premature. Reports that the European idea has run its course and can now be consigned to the dustbin of history are pure fantasy, whether the fantasy of morbid continental Spenglerians or that of euphoric "Anglo-Saxon" Cobdenites.

There are two overwhelming reasons why the drive for greater European integration will continue: security and the single market.

Take the latter first, since it is supposed to be less controversial, although I believe it is the more troublesome of the two. Most anti-Maastricht Eurosceptics say they are in favour of the single market. They fail to realise that the single market is responsible for nearly all the things ordinary people dislike, or think they dislike, about the EC.

Everyone has a favourite horror story about the manic desire of "Brussels bureaucrats" to regulate everything, from the colour of flamingoes to the size of honeypots. Often these stories are accompanied by bitter complaints about the effect of the EC in dismantling national regulations and exposing the citizen to bigger lorries or lower standards of consumer protection.

Similarly, most businessmen have one list of complaints about the unfair competition to which the EC exposes them in their domestic market from rivals that are subject to less stringent national regulation, and another about the grotesque national regulations or business practices that still prevent them from exporting to, or investing in, the market of another EC member state.

The single market only became remotely feasible when it was agreed, in the mid-1980s, to adopt the principle of mutual recognition of national regulations in preference to complete harmonisation. But hundreds of EC directives were still needed to make it a reality, because so many national regulations were seen in other member states either as inadequate protection for consumers or as non-tariff barriers to trade and investment.

There is no elegant, global solution to this problem. "Subsidiarity", meaning that whatever can be should be left to national or local regulation, is a good principle, but you still have to agree on how it applies in each particular case. Most of the pressure to harmonise does not come from "Brussels bureaucrats", but from consumer and producer lobbies in member states. It will continue.

Even the quest for a single currency arises partly from a desire to eliminate uncertainties and transaction costs which fragment the market, and partly from fear that the single market leaves producers defenceless against competing products priced in a national currency which may depreciate against their own.

Most pressure to harmonise comes from consumer and producer lobbies

Recent events have shown that the attempt to maintain fixed parities between separate currencies also imposes intolerable strains, but that will only increase many people's eagerness to move to an arrangement where monetary policy for the whole market is decided by consensus, rather than unilaterally by the country with the strongest currency.

Security is a simpler matter, because the idea that states need to band together in a league or confederacy for the common defence of their separate national sovereignties, sacrificing a degree of autonomy for the sake of preserving the rest, is familiar and well understood.

If the EC's contribution to security has up to now been indirect rather than direct, that is because its members looked to the Atlantic alliance for their common defence. This was sensible so long as the main perceived threat was the expansionism of a neighbouring superpower, which western Europe and the other superpower had a common interest in resisting. Europe probably could not have defended itself without US help, and the US had no intention of leaving Europe to its fate.

Things are different now. The US retains an interest in European security, but is struggling to redefine that interest in a new strategic context. The dangers Europe faces are much more diffuse than in the past. Most of them – the main exception being nuclear proliferation – are far less directly or obviously threatening to US interests than was Soviet communism. Although Europe's capacity to handle them on its own is in doubt, the doubt relates to political will and strategic vision rather than material resources; and in these areas it is not obvious that the US can make up for Europe's deficiencies.

Security is not only a matter of armies and weapons, essential though those still are. As well as managing, and preferably preventing, conflicts on or near its borders, the European union (as the EC will become once Germany has ratified the treaty) faces the need to police those borders against illegal immigration and transnational crime, and to ensure order and security within them.

Already these issues are the subject of intense intergovernmental co-operation, which Title VI of the treaty (on justice and home affairs) will further institutionalise. They are issues about which ordinary people throughout Europe care passionately. True, they still tend to see them mainly in a national framework, but even such a fierce nationalist as the French interior minister, Mr Charles Pasqua (a leading figure in last year's anti-Maastricht campaign), admitted recently that many aspects of them could no longer be handled by any EC member state on its own.

Europe will go forward. But it badly needs a new route map. Next week I shall try to sketch in a few landmarks for the years ahead.

Robert Taylor on efforts to ensure UK men and women receive the same pay for the same work

Not a penny more, not a penny less

Should a female finance clerk be paid the same as a male van driver? The question raises complex and sensitive issues.

Last week the issues entered the limelight when the Equal Opportunities Commission said the UK government was failing to implement European Community law on equal pay.

After 13 years of argument with the government, the commission's governing board said it would refer the matter to the European Commission in Brussels for clarification.

"We are charged by parliament to enforce the pay equality laws but that law is not working as it was supposed to do. It is our responsibility to see that it does," says Ms Kamlesh Bahl, the commission's part-time chairman.

Set up in 1975 to promote equality of opportunity between women and men, the commission has often been called ineffective.

By taking this unprecedented public step over equal pay last week, the commission surprised the government. Department of Employment officials had already scheduled a meeting with the commission for October 4 to discuss the legal changes Mr David Hunt, the employment secretary, might be willing to make.

Ms Bahl welcomes the department's initiative, but sees no reason to abandon the action for clarification of the law from the European Commission. "Issues of substance will still remain that must be resolved," she argues.

But ministers believe the commission is too impatient over what is a complex area. They deny Britain is dragging its feet over implementing equal pay legislation.

The Department of Employment says its legal advisers are confident the UK is not in breach of its EC equal pay obligations. It believes the referral of the issue to Brussels will not help resolve genuine difficulties over implementing the UK's equal pay laws.

Ministers' complaints that the commission should put the equal pay issue into a wider perspective are echoed in the private sector. "British women have made larger advances at work than those from any other EC country in the 1980s," says Mr Graham Mather, head of European Policy Forum, the independent think-tank.

The UK's flexible, deregulated labour market has helped create the biggest female job market in Europe, the government argues; women in the UK are also less likely to be unemployed than men in a recession.

In a recent paper to EC president Jacques Delors, the government said: "The Community must avoid imposing labour market regulations that increase costs, lock member states and employers unnecessarily into existing rigidities or make it harder to create new jobs."

By approaching Brussels, however, the commission has decided not to rely on the government's willingness to negotiate, but to apply pressure by highlighting the UK's legal commitment to equal pay as enshrined in the Treaty of Rome, the EC's constitution. All 12 EC member states are bound to introduce equal pay under article 119 of the treaty.

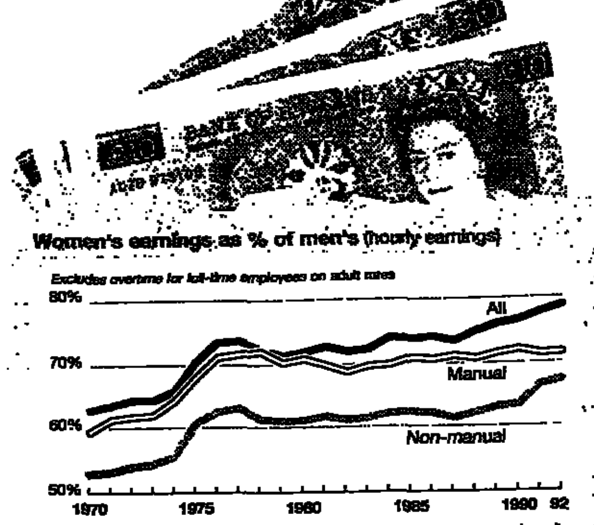
The equal pay concept was widened by an EC directive in 1975. No longer was the aim to ensure men and women received the same pay for doing the same or similar jobs; there was also to be equal pay for work of equal value.

It is this requirement which prompts British government concern. Officials claim the EC has failed to define clearly what this means in practice.

The Equal Opportunities Commission shares some of the government's frustration. But it is also exasperated at the lack of progress towards equal pay. It points out that women in all sectors in the UK earn on average 71 per cent of a man's weekly pay. In British manufacturing, the figure falls to 59 per cent of the weekly pay of male non-manual workers. There has been no significant narrowing of the gap since the early 1970s. The Department of Employment earnings survey for 1992 shows women's average earnings were £241.10 a week against £340.10 for men.

The commission believes legal complexities are hampering moves to close the pay gap, adding that complaints procedures for cases of "equal value", made through industrial tribunals, are tortuous.

Equal value claims take on average 32 months, and a number have taken more than seven years. Only 23 claims in equal value cases have succeeded in nearly 10 years.



Average weekly earnings before tax of full-time employees on adult rates 1992

(£)	WOMEN	MEN
Cleaners and domestics	151.60	199.40
Sales assistants	149.00	196.20
Launderers, dry cleaners and pressers	141.40	178.80
Kitchen porters and hands	134.50	157.80
Bar staff	129.70	172.60
Waitresses and waiters	138.30	169.00

Source: New Earnings Survey 1992 Department of Employment

In addition, the wording of the law is imprecise, argues the commission. This puts off potential claimants. According to UK law, a job must be of equal value "in terms of the demands made on the woman or man (measured by effort, skill and level of responsibility) to that of a man or woman in the same employment".

At present the commission is funding an equal value case brought by a senior grade speech therapist, who is trying to compare her job with that of a senior grade pharmacist.

A further concern for the commission is that an equal pay award made to one person cannot be extended to cover others doing the same jobs.

The commission wants several changes to existing equal pay laws. It is calling for:

- The automatic transfer of cases from industrial tribunals to the Employment Appeals Tribunal.
- The abolition of a tribunal's legal requirement to decide whether a person has "reasonable grounds" to pursue an equal value claim.
- The creation of full-time assessors of equal value, and a strict timetable for claims processing.
- An end to the use of job evaluation studies by employers to stop an equal value claim.
- The extension of equal pay awards beyond the individual claimant so that all employees in the same employment, who do the same or broadly similar work, would be entitled to the same award.
- The right for trade unions and the commission to challenge alleged discriminatory aspects of collective agreements.
- The right for the commission to initiate its own legal proceedings against employers.

Mr Hunt told the commission last month that he was willing to make changes to speed up procedures in equal value cases, including:

- Agreeing to abolish the requirement that a tribunal should determine whether there are no reasonable grounds for claim.
- Accepting that an employer can only offer one justification of pay differences between male and female workers.
- Requiring independent experts to decide, within a 14-day time limit, whether they will conduct an investigation.

Ministers baulk, however, at moves to extend the applicability of equal pay or equal value awards beyond individual workers to others in a company. Nor will they accept that the commission or trade unions should act on behalf of a group of workers to bring equal pay cases to court.

Mr Hunt has reminded the commission that the government needs to avoid undue burdens on employers, which could threaten jobs.

The commission feels only Brussels can bring reform. But its hopes may be dashed. A recent confidential European Commission report complains of difficulties in enforcing a commitment to equal pay across the EC. It admits that "little effective progress" has been made on the issue anywhere in the EC, and suggests there remains "a widespread lack of knowledge of the legal provisions and practical ways" of dealing with equal pay among governments, unions and employer bodies. As many as six EC countries – including Italy, Spain and Belgium – have not even bothered to define equal value in their legislation.

"Much remains to be done not only to ensure effective implementation of existing community law but also to clarify complex concepts," the EC report notes. As Europe grapples with the worst unemployment crisis in 60 years, the Equal Opportunities Commission may find Brussels unwilling to strengthen legislation that could imperil job creation. If it has to wait years for an answer and then comes back empty-handed, the cause it is fighting for may be harmed.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

No U-turn on nuclear fuel storage

From Dr Patrick Green.

Sir, John Guinness, chairman of British Nuclear Fuels (BNFL), is incorrect to claim (Letters, August 21) that Friends of the Earth has made a "staggering U-turn" by suggesting that BNFL should offer to store its customers' used nuclear fuel, either at Sellafield or abroad, instead of reprocessing it in Thorp. We made this proposal at the 1977 Windscale inquiry and have consistently advocated it ever since.

Contrary to BNFL's unsubstantiated claims, storage is a safer and viable alternative to reprocessing. Indeed, Scottish Nuclear will save around £45m a year by storing its spent fuel in a purpose-built store at its Torness reactor instead of sending it to Thorp for reprocessing.

If the economic case for Thorp is as "robust" as Mr Guinness claims, BNFL should have nothing to fear from independent scrutiny of its arguments. BNFL's continued refusal to publish the Touche Ross economic assessment of Thorp only serves to demonstrate that BNFL fears the flawed logic of reprocessing will be exposed by its publication. Consequently, BNFL is in no position to argue that there is no alternative to opening Thorp.

Patrick Green,
nuclear campaigner,
Friends of the Earth,
26-28 Underwood Street,
London N1 7JQ

Price rises not only BR option

From Mr John K Welsby.

Sir, Lex, prompted apparently by reports of decisions still to be taken, is ungenerous in accusing BR's management of seeing higher prices as the only way to increase net revenues ("British Rail", August 24).

All three passenger businesses have continuing promotional programmes to boost passenger numbers, especially off-peak. When a coach operator complains to the Office of Fair Trading (unsuccessfully I hasten to add) that InterCity is offering fares that are too cheap, it is apparent that British Rail managers are not lacking in the competitive imagination you are looking for.

Similarly, when hundreds of thousands of new customers are introduced to rail travel through joint promotions with Boots and Shell, BR is clearly expanding and developing its customer base.

For the railways, like any major business, pricing is only one element of financial management and is considered in conjunction with cost-control measures and marketing initiatives as well as the need – particularly important in the public sector – to meet stringent annual cash limits.

John K Welsby,
chief executive, railways,
British Railways Board,
Euston House,
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London NW1 1DZ

Theft in a shop is no less a crime

From Mr Barry Hyman.

Sir, Your recent photograph of a Covent Garden scene referring to 100 arrests being made as a result of a paging initiative continues to talk about "shoplifters" ("Arrests in Covent Garden increase as a result of initiative with Mercury Paging", August 24).

The success which the police and the retailers are enjoying in combating shop crime is not helped if the euphemism "shoplifter" continues to be used. We are not talking about a naughty schoolboy nicking a packet of sweets for a lark, although that itself often leads to worse crime and a belief that it is fair game.

What is under discussion is wholesale and often violent theft by groups of people stealing to order and costing the honest customer money in the long run. Someone who steals from a bank is not called a banklifter, he is called a thief or worse.

What we are combating is professional shop theft and we should all start saying so.

Barry Hyman,
corporate affairs,
Marks and Spencer,
Michael House,
Baker Street,
London W1A 1DN

Deserving winner in LWT share scheme

From Mr Paul Neuburg.

Sir, In your article on the beneficiaries of the LWT share scheme, Anwer Bati is quoted describing Barry Cox as "a very nice guy, was an ordinary programme maker. Now he's worth £1.5m". At the time of Bati's brief spell at LWT as researcher in features, Cox was controller of current affairs and features, known throughout not just LWT but the industry. He had been originating editor of The London Programme, still going after nearly two decades and, as a quality local series, a prime earner of brownie points for franchise renewal.

Cox invented a range of other programmes, including The Six O'Clock Show, a pioneer among "infotainment" ventures which gave Greg Dyke his first chance to shine as editor. As controller of corporate affairs, Cox had a key role in formulating and implementing the strategy that won the new franchise on which the current share price is based. In LWT's game of chance, Barry Cox is one of the deserving winners.

Paul Neuburg,
Pulse Productions,
41 Crediton Hill,
London NW6 1HS

Little evidence of government success with Citizen's Charter

From Mr John N Ellis.

Sir, We welcomed the more objectively based assessment of the picture of public services painted by David Owen than that released by the government's own Citizen's Charter Unit. Your report on the findings of the ICM Research Survey was honestly headed "Public services rapped: Citizen's Charter appears to be bringing little improvement" (August 26) – while the Citizen's Charter Unit's press release was headed "Survey shows widespread support for Citizen's Charter".

It may be true that there is widespread support for the charter – and why shouldn't there be? There is little evidence, however, that the government's policies for achieving these objectives are having any success or that they carry the wide support that the Citizen's Charter Unit claims.

The survey shows, as your report made clear, that of 31 organisations about which 3,000 people were questioned only eight were considered to have improved during the last year. Among those was the Post Office, with a 92 per cent rating for overall performance.

The only policy for achieving the promised improvements of the Citizen's Charter that received strong support was more regular inspection of providers of services. Trade unions are always accused by this government of pursuing vested interests, yet we were never listened to when we pressed for improvements in the delivery of services long before the Citizen's Charter was launched and we are not listened to now.

More and more people are beginning to say that the government's blind policy of privatising everything it can is wrong-headed. There is a growing belief that the policy is simply dogma and that cost and damage do not matter.

Maybe if the government would stop the nonsense of market testing the entire civil service at enormous cost, and abandon the stupidity of privatising British Rail and the Post Office, its claimed objectives would be treated more seriously. At the moment it is pushing an ever growing boulder.

John N Ellis,
secretary,
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FINANCIAL TIMES

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Wednesday September 1 1993

Next steps in the Mideast

THE POLITICAL landscape of the Middle East has taken on a slightly surreal aspect this week. If both sides are to be believed, Israel and the Palestinians may be on the point of signing an agreement that will provide an interim framework for Palestinian self-rule in the Israeli-occupied West Bank and Gaza Strip. As remarkably, Israel may agree to withdraw its troops from an area of the West Bank around Jericho and from Gaza as a first step towards military disengagement.

To cap it all, Mr Yitzhak Rabin's coalition government may break a taboo of decades by recognising the PLO; allowing Palestinian leaders to set themselves up in Jericho; and even affording protection for top PLO personalities as they seek to sell the deal to sceptical or hostile constituents. It would scarcely come as a surprise after all that to read of lions whelping in Jerusalem's streets.

Can this be the same Mr Rabin as had disappointed so many expectations since he was elected last year with a promise to reach a rapid Middle East peace agreement? Is this the same PLO that vowed in its founding charter to wage "armed struggle" until Israel was destroyed, and that has proved singularly incapable of seizing opportunities for progress towards an accommodation with the Jewish state?

Weary precedent suggests caution is in order. Much could still go wrong as the Washington peace negotiations enter their 11th round. Many details of the purported Israeli-Palestinian accord remain unclear or contested; other participants such as Jordan and Syria are rattled by a deal struck behind their backs; and the Palestinian movement is even more fractious than usual – divided between the occupied territories and the diaspora, and stalked by the threat of an assassin's bullet. Nevertheless, the claims of breakthrough are sufficiently insistent for the outside world, and in particular the US, to embark now on a concerted effort to ensure that it occurs.

Great credit

It is to the great credit of Mr Rabin's government and of Mr Yassir Arafat, the PLO chairman, that the two sides have got this far largely on their own. Doing so required the super-cautious Mr Rabin to manoeuvre delicately: gradually acclimatising Israelis to the idea of talking to their sworn enemy while at the same time guarding his flank against charges of jeopardising Israeli security. For Mr Arafat, negotiating from extreme weakness, the risks are if anything even greater. But he has shown commendable single-mindedness in carrying most of his rebellious cohorts along towards an agreement that will fully benefit only some of them.

Cherished principles

The problem is that Israel and the PLO may not be capable of arriving at their destination unaided. The distrust between them and among Arab leaders remains too great. Moreover, Mr Arafat's legitimacy among his own people is not undisputed: many Palestinians suspect him of throwing overboard cherished principles – such as the status of Jerusalem – to strike a deal while he can.

To still such fears, the US should now decisively raise the profile of its involvement and nudge the parties further towards clarifying their intentions. Both Israel and the Palestinians should state clearly that this agreement is an interim one without prejudice to a final settlement in any respect, including Jerusalem. Jordan and Syria should be offered high-level American reassurances that the Israeli-Palestinian deal is part of the multilateral process, not designed to cut them out.

Most important, the structure of the Middle East negotiations – which currently institutionalises Palestinian divisions by directly involving only hand-picked representatives from the occupied territories – urgently needs to be changed. Israel should go the extra mile and sit openly with the PLO without insisting that it go through the difficult and tortuous process of amending a charter that Mr Arafat has already declared null and void. If Mr Rabin is worried that such a step would imply eventual Israeli acceptance in principle of an independent Palestinian state, so be it. Some form of Palestinian sovereignty is the only basis on which a final settlement can be reached, and it would be better to admit as much now.

Green thoughts and trade policy

IT IS unlikely that the people who share this planet will ever agree about which parts of the environment they want to preserve. The question is how countries should go about settling disputes that arise from their differing environmental standards.

Countries accuse others of causing them environmental harm in many different ways. Most directly, pollution may spill across national borders. Manufacturers in developed countries may also claim that laxer regulation in developing countries allows companies located there to enjoy lower production costs. Countries may also damage common environmental "goods" by polluting the world's atmosphere and oceans. Or there may be perceived harm, arising for example when one country's treatment of certain animals is judged offensive by another.

Such accusations have tended to be hurled by developed countries at developing ones. Too often, the complaints are accompanied by threats of trade restrictions. Some argue that the environmental damage is due to economic growth, and that trade is bad because it stimulates growth still further. Others claim that "ecological dumping" occurs when exporters are able to benefit from an environmentally permissive policy regime and call for protection in response. Some may simply seize on trade as the easiest available tool for enforcing their views. These arguments are often propounded by environmentalists, who have tended to see multilateral trade negotiations such as GATT and Nafta as threats to environmental standards.

Comparative advantage

Trade policy is generally the wrong response. For a start, poverty is an important cause of environmental degradation, and trade can offer an escape from poverty. Growth and affluence also increase the political demand for a better environment. Furthermore, specialisation on the basis of comparative advantage reduces many forms of pollution. One reason for this is that industrial countries have a comparative advantage in some of the most polluting industries, which are usually capital intensive, but also possess the best anti-pollution technology.

Claims of unfair competition are easily abused by protectionist interests. What is more, it is dangerous to behave as if every policy difference between countries represents some kind of subsidy. At the limit all policy differences between countries would have to be eliminated.

Hypocrisy

Developing countries are also right to detect an element of hypocrisy in the demands of the richer ones that they clean up, since the latter gave scant regard to keeping the environment clean during their own industrialisation. Moreover, the largest output of greenhouse gases – arguably, the most important global threat – still comes from developed countries. That is not to say that pollution is an inescapable by-product of industrialisation – some forms of pollution can be avoided at little cost, examples being land and groundwater contamination. But, as a starting point, the choice of standards should lie with the individual country.

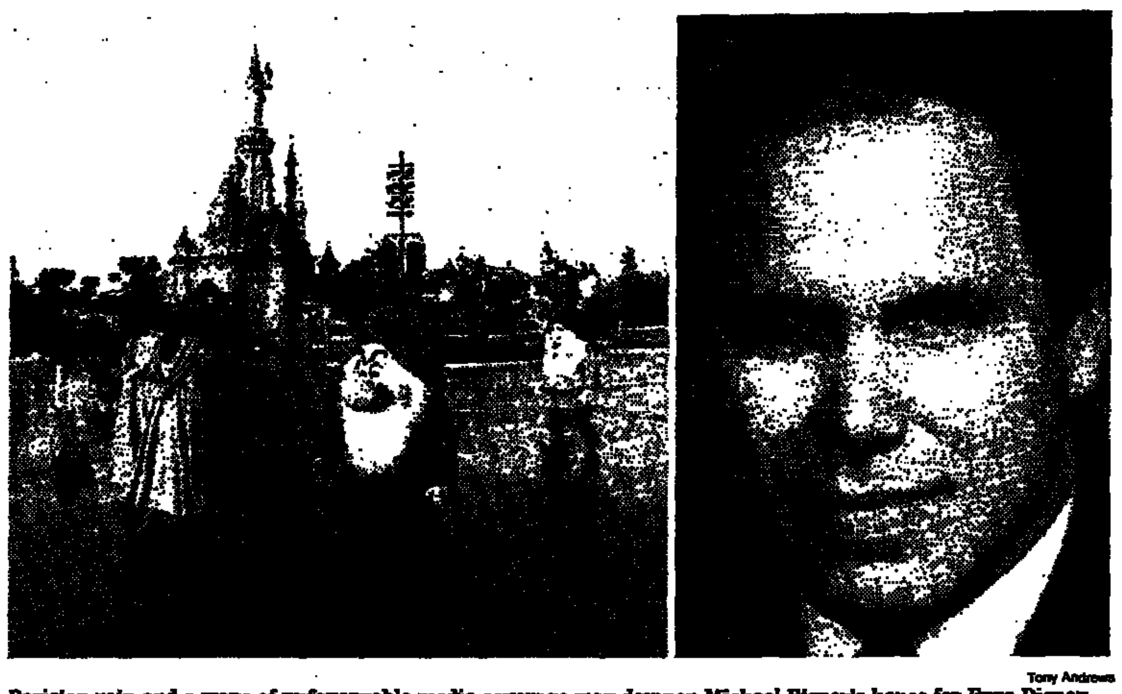
Rather than entangling trade with environment policy, rich countries should offer compensation when seeking to impose environmental policies poorer ones do not share. Rio, which secured international agreement on measures to avoid global warming and protect the diversity of animal and plant life, recognised this principle in giving its backing to the Global Environment Facility run jointly by the World Bank and the United Nations. The fund, set up in 1990, plans to make up to \$4bn available for funding projects in developing countries projects over the next three years. Similarly, the 1987 Montreal Protocol on protecting the ozone layer of the atmosphere is backed by a \$200m fund to help developing countries meet its terms.

That approach is controversial, with respect both to raising the money and disbursing it, as both these funds have shown. But at least it makes the price of the bargain explicit, and forces the people of developed countries to face up to the question of whether they really want to pay it.

Previous leading articles in this series appeared on July 21, August 2 and August 19.

Mr Grumpy at the door

Alice Rawsthorn and **Michael Skapinker** ask whether Disney's European adventure will have a fairytale ending



Tony Andrews

Parisian rain and a wave of unfavourable media coverage may dampen Michael Eisner's hopes for Euro Disney

As the head of a group famed for its marketing of fantasy, Mr Michael Eisner, chairman of Walt Disney, has little difficulty finding cheer where others see only gloom.

But even he seems taken aback by this summer's wave of media coverage about the financial problems of Euro Disney, the group's theme park which opened near Paris last year.

Most worrying for the group and its shareholders is that some observers have begun to ask the previously unthinkable: will Euro Disney have to close for the winter or, worse, might it have to close altogether?

Mr Eisner said yesterday that he might consider closing the park for a limited period during the winter under certain circumstances. He might agree to partial closure, he said, "if Euro Disney came to me and said it was economically advisable and wouldn't be negative for perception. Disneyland in California used to close on Mondays and Tuesdays before I became chairman."

Partial closure, however, is not his favoured option. "I don't believe the park should close for a single day," he says. "Euro Disney closed the Newport Bay Hotel for a while last winter and I think that sent the wrong signal."

When Euro Disney opened in April last year, accompanied by a two-hour live television broadcast to 30 countries and a \$10m TV advertising campaign, closure was the last thing on the company's mind. The fanfare invited intense scrutiny – so the company is in no position to complain about the detailed attention given to Europe's biggest leisure attraction.

But Mr Eisner is irritated by the focus on Euro Disney's problems rather than its potential. "Every little pimple is written about. Euro Disney is a great product and I've yet to meet anyone who doesn't love it. But down the road, discussion of the economic issues could affect public perception of the product. It hasn't happened yet, but if we don't turn it round, it might."

The economic issues warrant discussion. Euro Disney lost FFr339m (£39m) in its last financial year to September 30 and is on course for a further loss of more than FFr1.8bn this year. Its net debt has risen from FFr18.5bn to FFr20.3bn since the start of the current financial year. Euro Disney is now in danger of running out of cash. Walt Disney has promised to provide financial support while the two companies try to restructure Euro Disney's finances.

In the meantime, Walt Disney faces heavy losses on its 49 per cent stake in Euro Disney. It lost \$30.9m on the holding in the third quarter of the current financial year alone and would have lost \$48.8m under its old accounting rules.

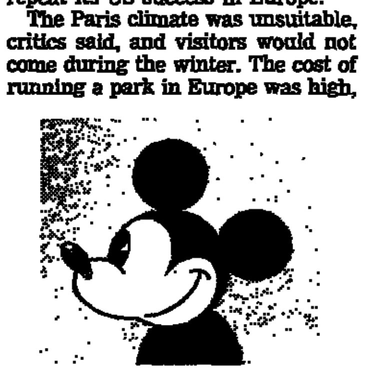
Mr Eisner does have some advantages, notably Wall Street's faith in Walt Disney as a whole. As it attempts to resolve its problems at Euro Disney, the group can rely on its strong track record in producing hit movies and its schedule of new films for 1994 and beyond.

Mr Christopher Dixon, an analyst at New York broker Paine Webber, believes Euro Disney will succeed as the economy improves in France and Europe. Meanwhile, Walt Disney's third-quarter results, to the end of June, saw a reasonably healthy 10 per cent increase in underlying earnings per share compared with 1992, although revenues from filmed entertainment dropped and the company has not had a box office hit in the US this summer.

Wall Street is expecting strong earnings momentum next year, when Disney will be greatly expanding its film production. However, the group's association with Euro Disney's heavily publicised problems risks damaging its gilded reputation with investors.

How did Disney, one of the world's most successful leisure and entertainment groups, manage to get its European park so badly wrong? From the start, questions were asked about Disney's ability to repeat its US success in Europe.

The Paris climate was unsuitable, critics said, and visitors would not come during the winter. The cost of running a park in Europe was high,



they added, and the prices would reflect that. Many potential visitors might prefer to go to Walt Disney World in Florida, where the price per night was no higher and the sun was more likely to shine.

In addition to these potential problems, Euro Disney had the misfortune to open just as Europe entered its worst recession since the war. In its first year, Euro Disney fared reasonably well in terms of attendance, hitting its target of 11m visitors at the end of April, just over a fortnight later than expected. However, income from catering, merchandise and hotels was well below expectations.

In the spring and summer of this year, trading deteriorated still further. It was only this summer, Mr Eisner says, that the gravity of the situation became apparent. He says: "It didn't hit until May and June. We realised then that attendance was not up to last year's levels and that per capita expenditure was substantially down."

Added to the ravages of the recession was the strength of the French franc which had risen sharply against some European currencies following last September's exchange rate crisis. Attendance from countries with weaker currencies, notably the UK and Italy, fell sharply.

The cost of servicing Euro Disney's debt ballooned, partly because, until recently, French interest rates have been higher than initial budget forecasts. Euro Disney was also forced to postpone construction plans, thereby depriving the company of potential capital gains with which it had originally planned to reduce its borrowings.

One obvious answer to Euro Disney's difficulties is to cut costs. The company has made significant cuts in the past 18 months, particularly in staffing levels. When it opened, staffing costs exceeded the planned budget, Mr Eisner says. "There was this absolute feeling of 'let's get this show on the road'," he says. "I don't know whether we overspent then, because it should pay off over the next two or three decades. But it took us a while to recover financially from having too much fat and satisfying every little whim."

Mr Eisner envisages further cuts, but is vague about where they will fall. "There will be some tidying up, but only to the extent that we don't damage the experience for our customers. We're looking at all the various areas."

In the meantime, Mr Eisner hopes to increase attendance by continuing to cut ticket prices for local residents and by capitalising on the franc's recent fall against other European currencies by marketing the park in other countries, notably the UK. These initiatives, Mr Eisner hopes, will be helped by further falls in the franc's value and by an improvement in Europe's economic outlook, particularly in France. "We ought to be able to achieve a lot through better trading," he says.

However, Euro Disney's financial condition is so fragile that even a dramatic improvement in its operations is unlikely to do more than partially alleviate its difficulties. Mr Eisner says that Euro Disney has not, so far, had to call on Walt Disney's offer of financial support. But observers suspect that Euro Disney may have to do so by November, when attendance falls off as the chilly winter season sets in and cash flow comes under strain. This suggests that, whatever improvements it makes in its operations, the company will need an injection of new capital as part of a formal restructuring.

Euro Disney and its US parent are now in the early stages of assembling a financial restructuring package. Here, too, Mr Eisner refuses to be specific. "All I can say is that we're examining every option," he says. He describes a possible rights issue as "one of a list of 10 very good ideas".

Mr Eisner hopes to finalise the restructuring plan over coming months and present it to shareholders by next March. "I wouldn't like to be talking about it this time next year," he says. "The sooner it is completed the better – not for financial reasons, but for public relations reasons."

Additional reporting by Martin Dickson in New York

An ill-advised way to manage trade

PERSONAL VIEW

In his recent book, Reconcilable Differences? United States-Japan Economic Conflict, and his article in the FT ("Good and bad of managed trade", August 18), C Fred Bergsten defends his case for voluntary import expansion agreements. He differentiates them from protectionism – namely voluntary export restraint agreements – and argues that expansion agreements are pro-trade and useful to improve access to the Japanese market.

I believe there are real risks in implementing voluntary import expansion agreements (VIEs).

It is possible to introduce them only with the Japanese government's active meddling with the market. Vague words like "recognise", "acknowledge" and "encourage" used in existing VIEs are synonymous with an invitation to open-ended government interventions. It is very confusing that, on the one hand, the US government urges more market-oriented, pro-consumer policies in Japan while, on the other, it calls for more market intervention through VIEs. If we want to let market forces work in consumers' best interests, intervention will be counter-productive. It will result in further control and market regulation.

Mr Bergsten argues that VIEs expand trade and enhance competition. But they are also anti-competitive. How can an agreement enhance competition if it prohibits at least 20 per cent of Japanese users from buying domestic chips?

Regarding Mr Bergsten's call to use VIEs only temporarily, it seems unlikely that once they are in place there will be any inclination to get rid of them. For example, after the initial five-year period, the Reagan administration's semiconductor VIE was extended for another five years. Is a 10-year period temporary? What makes Mr Bergsten confident they will not be used indefinitely with increased import targets? It is much more difficult to terminate VIEs than to initiate them, and no one has ever succeeded in doing so.

In spite of Mr Bergsten's second caution that VIEs be used sparingly, how can business executives resist them when their governments will do the job of developing a foreign market free of charge? The cost of forced imports is borne by the targeted country, and the other country loses nothing by demanding a VIE. Mr Bergsten suggests VIEs should be open to all countries

Voluntary import expansion agreements will result in further control and market regulation

and denounces the Bush VIE on car and car parts, which benefits only US companies and which, according to Mr Bergsten, Mr Clinton firmly rejects. But in our bilateral consultations, the Clinton administration seems to be pursuing the same approach vigorously.

In Reconcilable Differences?, Mr Bergsten writes that the semiconductor VIE can take substantial credit for the increased share of foreign companies in that Japanese market. But market share depends on the efforts of companies and the market situation, and it is not something that an official text can determine. At present, we see some worrying signs of deterioration in the Japanese economy. It would come as no surprise if the economic environment became less conducive to imports.

Business people tend to be discouraged by VIEs from making their products more competitive. Instead, they are encouraged to press their governments for a guaranteed slice of a foreign market. The fact that when then-President George Bush visited Tokyo he was accompanied by three car industry executives supports this view. It is imperative in our market economy to get straight what the government is supposed to do and not to do, and to have business people take responsibility for business matters. They should not be given a way to blame others for what is their own fault.

VIEs are becoming increasingly out of date as corporate activities become more globalised. The sourcing of parts and components, foreign investment and the movement of technology and money on a global scale are now a matter of fact. Corporate alliances among companies of different nationalities in research and development, production and marketing are spreading throughout the world. As a result, the nationality of a company and product is now so complex and difficult to identify that any definition of imported or foreign product is arbitrary and incomplete.

Mr Bergsten plays down the risk of inviting unrestrained government interventions, and blurs distinctions between public and private sectors. Consequently he fails to appreciate the self-perpetuating and contagious nature of VIEs. Our experience suggests that they will not work in the way he expects.

Risaburo Nezu

The author is deputy director-general for trade negotiations at Japan's Ministry of International Trade and Industry.

OBSERVER

Sundown in the east

■ Britain's new ambassador to Azerbaijan, who takes up his new posting in Baku today, will not be lacking in ex-pat company. Many officials from British Gas and elsewhere, involved in a multi-million pound gas exploration deal, are flocking to the region. This is in marked contrast to his colleagues scattered around the rest of the former Soviet Union, where the British government's tightly-drawn purse-strings have left a diplomatic community definitely lacking in depth.

In the Baltic states, Lithuania and Estonia manage just four diplomats between them; Latvia has the same number all to itself. These territories may be small – boasting a combined population of just 8m. All the same Malta, which is not generally considered to be a bridgehead to the lucrative Russian market, has seven people, excluding the local hires.

The Germans, Danes and Swedes are ubiquitous on the ex-USSR's western frontier – partly for historical reasons, to be sure. But even France which, like the UK, has few traditional links to the region, has opened a trade mission in Vilnius.

Next door, in Belarus, it gets worse. The UK "shares" an embassy with Germany – meaning that the man in Minsk has one room in the old east German consulate, where the receptionist barely speaks English. At least Graham Greene's Man in Havana employed a secretary.

In Kazakhstan, the Germans are also being similarly hospitable, while Britain so far goes unrepresented in Turkmenistan and Georgia.

The Foreign Office is not insensitive to the problem, and defends the current distribution of resources by saying that these new states are "still very much on the periphery". But who will be on the periphery in a decade or two.

Political loyalty

■ Having an ex-chancellor on the board did not keep GPA out of the mire, nor has Lord Lawson's magic wand kept Barclays entirely free from trouble.

So Observer wishes Sir Evelyn de Rothschild better luck with his decision to invite Norman Lamont back to his former employer.

"We are showing loyalty to someone who worked here," says Sir Evelyn of the man who worked full-time at the merchant bank from 1968-1971.

Meanwhile, Sir Evelyn professes to be unruffled by any unguided missiles Lamont might launch on the fringes of the party conference, hence possibly endangering those close government links that are so valuable to merchant banks.

'He aged visibly when he read this'

"He has more friends than people think," says the chairman of N.M. Rothschild.

Lordly airs

■ The Broadcasting Complaints Commission today entertains two of its most distinguished ever complainants, two former chancellors of the exchequer, Lords Howe and Lawson.

Their grievance concerns a Channel 4 programme, A Brief Economic History of Our Time. First broadcast in February, it robustly dealt with the Conservative government's monetary policies and Britain's 1980s boom and recession.

The two peers of the realm, central players at the time, have decided to exercise their right of complaint because they believe the programme was almost entirely "a critical and partisan polemic". They also argue that if they had not been misled about the nature of the programme they would have declined to be interviewed for it.

The third chancellor interviewed – Labour peer Lord Healey – appears not to have taken exception to the programme. Healey obviously felt that the programme fell short of "being savaged by a dead sheep" – how he once described being attacked by the then Sir Geoffrey Howe.

Channel 4 and Fulcrum, the independent producers who made the programme, are taking a strong line. Their intended defence is that the programme was not only true, but also fair and balanced. But if Fulcrum and its main investigative reporter Christopher Hird are found "guilty" by the BCC, an apology will have to hit Channel 4's airwaves.

Sniffed at

■ A decade ago Haruki Kadokawa predicted that by 1994 he would have become one of the world's most influential media tycoons. But this vaulting ambition has been somewhat truncated by his sojourn over the past few days in police custody answering questions about alleged cocaine use and importation.

A maker of big-budget period dramas, including Heaven and Earth, a 1989 film in which 3,000 Canadian extras enacted a battle scene between warring Japanese feudal clans, Kadokawa has been forced to watch the spectacle of his own empire crumbling.

Although Kadokawa denies the prosecutors' allegation that he had asked staff to bring in cocaine from the US, his publishing house, Kadokawa Shoten Publishing, is not waiting for the outcome and has moved to dismiss him as president. It is already worried by the extra diligence being shown by the education ministry over student textbooks which it publishes and is fearful of the potential impact on two of its most successful titles: Tokyo Walker, an entertainment magazine, and The Television, a programme guide with a circulation of 900,000.

Also affected is Rex, a cute cinematic dinosaur (director, Haruki Kadokawa) and one of the bigger hits of the Japanese summer season. His career, unlike those of the stars of Jurassic Park, is being cut short by an apprehensive Japanese film distributor.

Which strip?

■ Overheard on the London Underground yesterday: "I hear the Israelis are giving Gazza to the Palestinians."

FINANCIAL TIMES
Wednesday September 1 1993

Serbs and Moslems to set up peace hot line

By Laura Silber and Frances Williams in Geneva and Gillian Tett in London

BOSNIAN Serbs and Moslems appeared to be inching closer to a settlement yesterday after officials announced that Bosnian president Alija Izetbegovic and Bosnian Serb leader Radovan Karadzic had agreed to a ceasefire and an early exchange of prisoners.

The agreement, which came after the three sides resumed their peace talks in Geneva, calls for the establishment of a communications hot line between the Bosnian capital, Sarajevo, and Pale, the Serb mountain stronghold 10 miles to the east, a joint commission to restore water and electricity supplies to Sarajevo and a new "media" detente.

Meanwhile, in another sign of gathering momentum in the peace process, Western diplomats indicated that discussions were being stepped up for the possible deployment of peace keeping troops in the area.

Mr Manfred Wörner, Nato secretary-general, is to meet Mr Boutros Boutros Ghali, UN secretary-general, today in Geneva to discuss issues including Bosnia.

Nato officials in Brussels said the deployment of troops in Bosnia was likely to be the central topic, but warned that the allies were still not prepared to make any firm commitment yet on the numbers of troops.

However, the Russian government yesterday pledged to provide extra peacekeeping troops for Bosnia in the event of a peace settlement between the three warring factions, the first major power to do so unconditionally.

Speaking to reporters after meeting Mr Boutros-Ghali, Mr Andrei Kozyrev, Russia's foreign minister, said the number of troops would depend on the terms of the peace accord and what their tasks would be.

It is widely expected in Nato that America will provide a large part of the 40,000 plus extra peace keeping troops that international mediators say will be required to police a partition.

British officials yesterday indicated that Britain was considering contributing several thousand troops, but stressed that a decision on the scale of Britain's commitment could not be made until the three sides had reached a firm peace agreement in Geneva – something that many diplomats doubt will happen in the next few days in spite of yesterday's ceasefire agreement.

Although the Bosnian Serbs have accepted the "peace package" they refuse to make any more concessions to the mainly Moslem republic, which, under the plan, will form a "union" along with the Croat and Serb republics. The Bosnian Moslems fear they will be wedged between the two ethnic states, at the mercy of their foes.

Mr Izetbegovic's delegation wants restoration of key territory in eastern Bosnia and the town of Prijedor, north-western Bosnia, which were mainly Moslem until Serb forces seized control. They want access roads to Neum, a fishing village on the Adriatic and to the eastern enclaves.

Meanwhile, in Mostar a UN protection force yesterday finally succeeded in leaving the city after it had been trapped there for four days by Moslem demonstrators. The Moslems feared their departure would trigger a fresh assault by the Croat forces besieging the city.

Danish budget aims to boost jobs

By Hilary Barnes in Copenhagen

THE Danish government yesterday unveiled plans to pump an extra DKr12bn ($1.6bn) into the economy in an attempt to cut the 4 unemployment rate to 11.4 per cent by the end of next year.

The draft 1994 budget will inject the equivalent of about 1.4 per cent of 1993 GDP, into the economy through a combination of tax cuts and increased expenditure.

The government predicts its fiscal policy will contribute to an increase in real GDP of 2.9 per cent in 1994, compared with growth of only 0.2 per cent this year. But the move will boost inflation, according to forecasts, with the average rise in consumer prices increasing from 1.3 per cent in 1993 to 3 per cent next year.

Mr Mogens Lykketoft, Social Democratic finance minister in the coalition government, said the budget represented "a responsible policy". The government of prime minister Poul Nyrup Rasmussen was determined to cut unemployment.

Mr Lykketoft, who was presenting his first budget to the media yesterday (the Folketing does not reassemble until October), described the easing of fiscal policy as "temporary".

The current account returned to surplus in 1990 after 26 consecutive years of deficit. The estimated surplus of DKr27bn this year equals 3.1 per cent of GDP.

Private consumption next year is expected by the government to increase by 3.9 per cent and business investment, which has declined for three consecutive years, by 6.5 per cent. The government hopes this will bring unemployment down for the first time since 1986 from a 1993 average of 12.1 per cent, up from 11.1 per cent last year.

New expenditure of DKr6.3bn includes DKr3bn for infrastructure investments. Total budget expenditure will increase by 7 per cent to DKr388.9bn from DKr363.3bn this year, while revenue will increase by 8 per cent to DKr333.2bn from DKr307.5bn, leaving the deficit virtually unchanged at DKr55.7bn, about 6 per cent of GDP.

Japanese coalition partners split on political priorities

By Robert Thomson in Tokyo

DIVISIONS appeared in Japan's coalition government yesterday when Mr Morihiro Hosokawa, the prime minister, was told by a coalition partner not to be distracted by economic and foreign policy at the expense of political reform.

Mr Kazuo Aichi, director of policy for the Japan Renewal party (JRP), one of the seven coalition parties, said the government had promised to complete reform of the electoral system by the end of this year. Mr Hosokawa should devote his energies to that end, he added.

"The cabinet was formed to introduce political reforms. I don't think we have the time to deal with other issues," said Mr Aichi.

His comments reflect the difference in emphasis between Mr Hosokawa and the JRP, formed by defectors from the Liberal Democratic party, who see the present coalition as having a mandate only to introduce electoral changes.

Some JRP officials say the coalition is intended to be temporary. They oppose Mr Hosokawa's ambitions over deregulating the economy, confronting Japan's war history, and discussing a fine-tuning of US relations.

Mr Aichi suggested that Mr Hosokawa should abandon plans to address the United Nations later this month, and spend his time thinking about political reform. The prime minister plans to speak on foreign policy.

The joint leader of the JRP, Mr Ichiro Ozawa, a former backroom operator at the LDP, made clear that he did not expect the coalition to last long by proposing that his party work towards the creation of a two-party system.

"This [the coalition] is not the final form. The establishment of the coalition was one step toward breaking up collusive politics, in which politicians lie and yet manage to escape any responsibility for affairs," Mr Ozawa said.

However, he said the coalition should attempt to end the practice of permitting bureaucrats to answer questions in parliament on behalf of cabinet ministers, who are often not well enough prepared to discuss their portfolio.

The coalition parties generally agree that parliamentary rules should be changed to encourage debate.

Economy may be Tokyo power broker, Page 5

THE LEX COLUMN

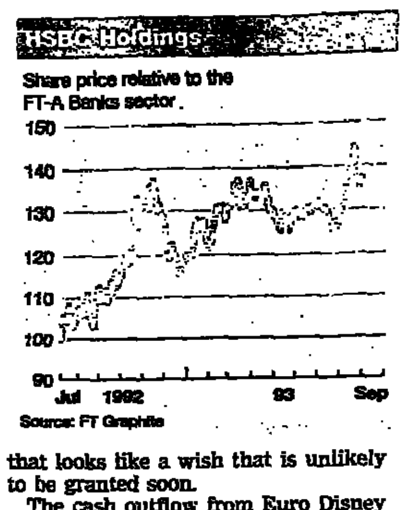
Eastern promises

HSBC Holdings' 19.8 per cent net return on shareholders' funds makes it look a paragon of virtue compared with other UK banks. The figure exceeds the targets that many banks simply dream about. Yet, despite the prominence accorded to this measure of performance in yesterday's interim figures, it is not a reliable guide to how the bank is doing. For a start, any bank with a large business in a relatively high-inflation centre such as Hong Kong should expect a high return on capital. HSBC benefits from abnormally low provisions, thanks partly to the large release of earlier provisions by Marine Midland. Midland Bank's tax losses also make for an unusually low tax rate.

The first half compares with a period when HSBC did not own Midland and had large provisions on its exposure to Olympia & York. Exchange rates were also markedly different then. So the underlying picture is all the harder to discern. Satisfactory, but not outstanding, appears to be the prosaic truth. Certainly Chinese retrenchment suggests doubts about the growth prospects in Hong Kong. HSBC itself admits it needs to restrain mortgage lending there. While there appears no imminent risk of higher interest rates, HSBC could face a rapid increase in bad debt provisions if any shocks emerged. First-half bad debt provisions totalled only £50m in the Asia Pacific region where group assets are £66bn.

HSBC must hope that declining provisions at Midland Bank would compensate if good times in Asia come to an end. It would be pushed to offset any profits shortfall with another large increase in dealing profits. More generally, HSBC is much closer to the peak of its earnings cycle than the typical UK clearer. Its 2.6 per cent operating return on risk assets is nothing out of the ordinary, comparing with 2.5 per cent at Barclays and 2.7 per cent at Lloyds. There does not seem to be much reason for the shares to out-perform the sector.

FT-SE Index: 3100.0 (-0.6)



Source: FT Graphite

Euro Disney

It must irk Walt Disney Company no end that having struggled hard to learn from the mistakes of the past, it now finds itself in a deep and cunningly constructed Parisian hole of its own devising. In bringing its theme park to Europe, Disney won every concession its executives could dream of. All the company needs now is for Euro Disney to make a profit. Sadly, that looks like a wish that is unlikely to be granted soon.

The cash outflow from Euro Disney is likely to be FFr1.2bn this year and at least FFr500m next. Gearing may exceed 400 per cent. Banks will be understandably nervous of adding to the FFr20bn debts of the project, but shareholders have few investment yardsticks to value any rights issue. The company has no earnings and is unlikely to repeat last year's nominal dividend. Euro Disney's asset value of FFr35 a share is also shrinking rapidly. Even the discounted cash-flow model, beloved of those who launched the first equity issue, has shown how present values can swing wildly depending on the initial assumptions.

Since neither banks nor outside shareholders are keen, and the original deal was so favourable to Walt Disney, it may be required to make concessions. Disney apparently regards the FFr900m second phase of development as important to build critical mass and fill the resort's hotels. One possibility would be for Walt Disney to cut its management fees, buy the hotels at a price reflecting their future value and then lease them back to Euro Disney, generating cash for the second phase and allowing a rights issue. Certainly Walt Disney's strictly limited financial commitment to the project is an illusion. The last thing the US parent can afford is the publicity that would surround the park's failure.

Reinsurance

The flow of insurance capital into Bermuda must be galling for Lloyd's of London as it tries to attract new blood of its own. The latest venture, backed by Swiss Re with the promise of an international equity offering to come, brings new capital committed this year to Bermuda to around $2bn. Most new Bermudan operations will reinsure catastrophe risks, an area of the London market decimated by the string of natural disasters culminating in Hurricane Andrew. Since demand for catastrophe reinsurance is growing, it is only natural that fresh capital should fill the gap.

The benign Bermudan tax regime and the opportunity to invest in a new venture with a clean sheet is proving a powerful attraction. In contrast Lloyd's is still struggling with prior year losses and the threat of litigation. So long as capital remains scarce, offshore centres like Bermuda might complement rather than challenge the London market. Additional reinsurance capacity should allow Lloyd's underwriters to place additional business. In the hunt for additional capital to shore up the capacity of Lloyd's itself, though, Bermuda has emerged as a serious competitor.

With catastrophe reinsurance rates more than doubling in many areas, and even good-quality insurers still struggling to find sufficient cover, the case for more capacity seems persuasive. But whether catastrophe rates are now sufficient to cover the risk remains a moot point. One reading of the recent claims record is that climatic change has made the world altogether more risky than in the past. Such doubts might explain Swiss Re's willingness to share the risks with outside investors rather than taking the best of the business for itself.

LWT

Congratulations to those LWT directors who have sold 13 per cent of their shareholdings at the first opportunity. Like any sensible fund-manager they have top-sliced a windfall profit – making sure of a cosy Christmas while keeping a stake in the business. Despite institutional claims that the kerfuffle over LWT is pure hindsight, the likely consequences were clear at the time. Nor is it clear how investing institutions would react were a similarly bizarre proposal to emerge now. Many apparently find it difficult to object if boards and their financial advisers are agreed on a course of action. Yet unless shareholders find the will to break the cosy consensus, such excessive schemes may not be just a feature of the frothy 1980s.

Hope, dust and fear in occupied zones

Continued from Page 1

leave. A more fanatical Jewish group – aligned to the rightwing National Religious party – has started a sit-in at the site of a sixth century synagogue on the outskirts of Jericho town.

"There was a Jewish community here 1,500 years ago and I think this land belongs to the Israel nation," said Mr Yaron Benzvi, a member of the Jericho yeshiva – a religious college. "This land was promised to the Jews by God. We don't believe the government will give up Jericho. Taking Jewish people out of this land is going against God."

Mr Benzvi represents a very small minority. Extremism in Jericho, however, is not confined to the Jewish community. The Islamic fundamentalist Hamas movement – which rejects talking peace with Israel – called a strike yesterday to protest against the peace agreement. Most shopkeepers ignored the call. But in the poorer sections of Jericho businessmen closed their graffiti-covered shutters.

"Palestinian Islamic land is from the Jordan river to the Mediterranean sea," said Mohammed, who refused to give his last name. "The agreement breaks with Islamic religion. The settlers are our enemies. Someone who takes your land cannot be your friend. This is Islamic land - it is not for the Jews."

Islamic extremism thrives in the economically decimated occupied-Gaza Strip but is less strong in Jericho. Most Palestinians in Jericho cautiously welcomed the peace deal. They hope it will be followed by massive aid and investment to boost an underdeveloped economy dependent on agriculture and tourism.

"We see this as a first step towards peace," said Mr Isaac Shawar, a grocer who opened his shop yesterday. "But this step must be followed by other steps returning all occupied Palestinian lands. Jews and Moslems were friends for centuries. The problems only started in 1948 and if the problems are undone, maybe we can live like that again."

FT WORLD WEATHER

Europe today

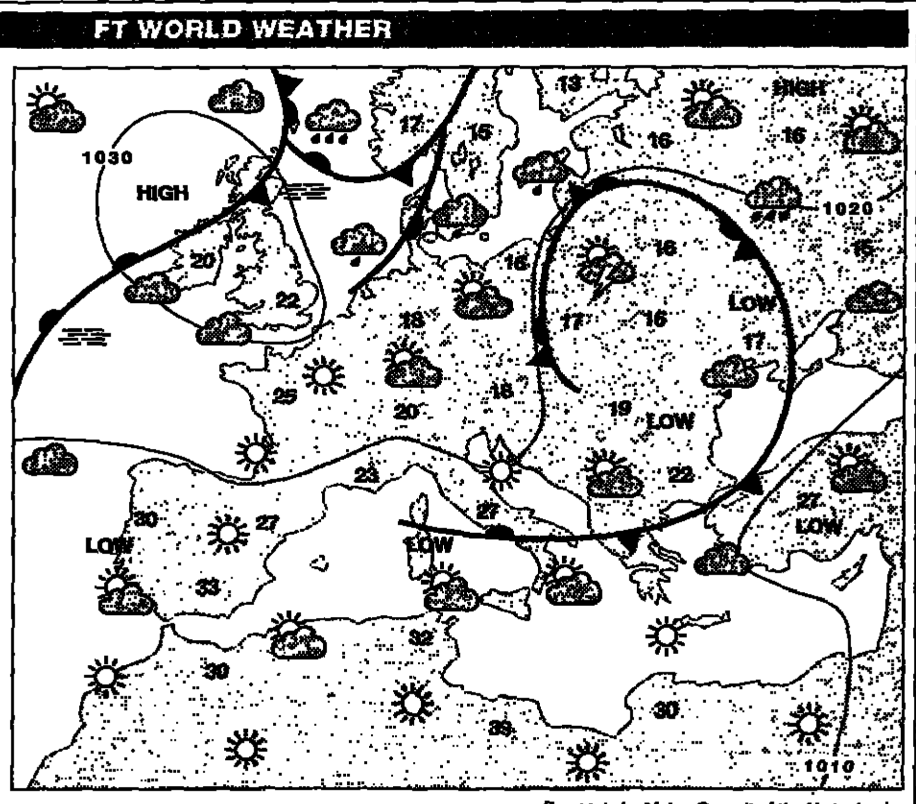
High pressure over the British Isles will continue to give settled conditions in north-western Europe with mist patches in coastal areas. Northern parts will be mainly cloudy but the south is likely to have sunny spells in the afternoon.

Spain, France, northern Italy and Greece will continue sunny and warm. Southern Portugal and Italy will have sunny spells alternating with scattered cloud. Rain and cloud will enter eastern Europe and thunder showers will develop.

A frontal zone will move over Norway into Sweden bringing drizzle in the south, and rain in the north which will moderate to showers in the afternoon.

Five-day forecast

North-west France and the British Isles will remain settled and mainly dry. The western Mediterranean will stay sunny and warm. A developing northerly air flow will move cold air into central Europe bringing rain followed by showers. As the cold air pushes south it will encounter warm air in south-east Europe, triggering thunder showers.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	cloudy	19	Cardiff	fair	21	Frankfurt	fair	21	Malta	sun	30	Rio	shower	23
	Celsius		Belgrade	shower	19	Chicago	sun	24	Geneva	fair	21	Manchester	fair	22	Riyadh	sun	43
Abu Dhabi	sun	41	Berlin	fair	16	Cologne	cloudy	18	Gibraltar	sun	28	Manila	shower	32	Rome	fair	27
Accra	cloudy	29	Bermuda	fair	31	D' Salaam	fair	27	Glasgow	cloudy	20	Melbourne	cloudy	17	S. Frsco	fair	23
Algiers	sun	31	Bogota	shower	18	Dakar	fair	29	Hamburg	cloudy	17	Mexico City	thund	21	Seoul	fair	28
Amsterdam	cloudy	17	Bombay	cloudy	31	Dallas	thund	35	Helsinki	cloudy	14	Miami	fair	32	Singapore	thund	31
Athens	fair	29	Brussels	cloudy	18	Delhi	fair	36	Hong Kong	cloudy	32	Milan	fair	24	Stockholm	cloudy	15
B. Aires	rain	14	Budapest	cloudy	17	Dubai	clear	41	Honolulu	fair	32	Montreal	fair	22	Strasbourg	cloudy	22
B.ham	fair	22	C.hagen	drzzl	17	Dublin	fair	20	Istanbul	sun	24	Moscow	fair	15	Sydney	shower	17
Bangkok	cloudy	32	Cairo	sun	36	Dubrovnik	sun	24	Jersey	fair	19	Munich	fair	18	Tangier	sun	29
Barcelona	sun	27	Cape Town	cloudy	19	Edinburgh	cloudy	21	Karachi	fair	34	Nairobi	thund	24	Tel Aviv	sun	35
Beijing	cloudy	29	Caracas	fair	29	Faro	sun	28	Kuwait	sun	46	Naples	fair	27	Tokyo	cloudy	29
									L. Angeles	fair	24	Nassau	thund	31	Toronto	sun	24
									Las Palmas	sun	26	New York	windy	30	Tunis	sun	32
									Lima	cloudy	20	Nice	sun	24	Vancouver	fair	21
									Lisbon	fair	30	Nicosia	sun	40	Venice	fair	24
									London	fair	22	Oslo	drzzl	19	Vienna	cloudy	18
									Lux.bourg	fair	19	Paris	fair	22	Warsaw	thund	17
									Lyon	sun	22	Perth	fair	15	Washington	shower	31
									Madeira	sun	25	Prague	shower	18	Wellington	fair	10
									Madrid	sun	34	Rangoon	cloudy	30	Winnipeg	fair	20
									Majorca	sun	29	Reykjavik	rain	14	Zurich	fair	20

FINANCIAL TIMES
COMPANIES & MARKETS

 Wednesday September 1 1993

INSIDE

CS Holdings surges 65% to SFr882m

CS Holding, the financial services group built around Credit Suisse, the Swiss bank, yesterday reported a jump of 65 per cent, to SFr882m ($600m) in first-half net income. The result was achieved on soaring revenues from trading. Page 18

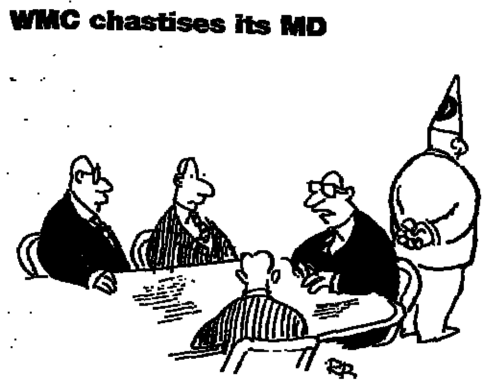
BNP kicks off sell-off

Banque Nationale de Paris, one of France's largest banks, will kick off the government's privatisation programme, within weeks, providing stock market conditions are favourable. Page 18

Gencor changes board

Gencor, the South African mining house, has announced changes to the board of directors which will take effect after it unbundles its industrial interests in November. Page 20

WMC chastises its MD



The board of Western Mining Corporation, the Australian metals producer, has publicly disciplined the company's managing director over the loss of a mining lease earlier this year. Page 20

NEC in NCR supply deal

NEC, the Japanese electronics company, is to supply NCR of the US with notebook personal computers for sale in the US under NCR's name. NEC expects shipments of its colour notebooks to be more than 20,000 a year. Page 20

BM to float Australian unit

BM Group, the engineering company undergoing a programme of disposals and debt reduction, is to float its Austoft Holdings subsidiary on the Australian stock exchange. Page 22

Turnround for Severfield-Reeve

Severfield-Reeve reported a turnround from pre-tax losses of £398,000 to profits of £210,000 ($313,000) for the six months to June 30 and paid its first dividend in two years. Page 22

Astec to resume payouts

Astec (BSR), the Hong Kong-based and London-listed electronics company which is 48.9 per cent owned by Emerson Electric of the US, is resuming dividend payments for the first time in three years after pre-tax profits and earnings per share doubled in the first half. Page 23

Doubt on European bourses

Last week saw another succession of new highs in global equity markets. However, in Europe, the Bundesbank's decision to leave German key interest rates unchanged brought in an element of doubt. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Eaux Cie Gen	2562	+	53
Rises				Nord Est	150	+	6
Bil & Berger	960	+	42	Taittinger	2300	+	121
Deutsche Bk	795	+	16	**Falls**			
Heidel Zement	1115	+	55	Seb SA	485	–	21
Industrie Wrke	362	+	9	Vallourec	244	–	9.9
Falls				**TOKYO (Yen)**			
Varta	302	–	6.5	**Rises**			
NEW YORK ($)				Bank of Tokyo	1810	+	70
Rises				Daiichi Hsg Ln	370	+	47
AMR	67¼	+	⅞	Nikkatsu	35	+	13
Chemical Waste	9¼	+	⅛	Showa Aircraft	1700	+	160
Delta	54¼	+	¾	**Falls**			
UAL	149	+	3¾	Dai-Ichi Katei	540	–	35
WMX Tech	32⅝	+	1¼	Yokogawa Elec	932	–	44
Falls							
SmithKline	32⅝	–	1⅝				
PARIS (FFr)							
Rises							
BSN	952	+	25				

New York prices at 12.30.

LONDON (Pence)				Reed Intl.	733	+	16
Rises				Rodime	15	+	3¼
Airtours	412	+	13	Schroders NV	1213	+	90
Alba	167	+	7	Shaw (A.)	46	+	7
Astec (BSR)	85½	+	3½	United News.	567	+	12
BAA	833	+	15	Waterford	42	+	2
Barrowh	798	+	13	Whitbread A	544	+	10
Cable & Wire	862	+	17	**Falls**			
Euro Disney	686	+	20	Bellwinch	39	–	2
Harrington K.	234	+	10	Johnson Matt	460	–	22
INSTEM	161	+	11	Smkline Beech A	444	–	17
Johnston Press	573	+	12	Spring Ram	73	–	3
Pacer Systems	43	+	6				
Psion	124	+	8				

Ferruzzi restructuring approved

By Haig Simonian in Milan

SHAREHOLDERS in Ferruzzi Finanziaria (Ferfin), Italy's second biggest private sector company after Fiat, last night approved a radical capital restructuring as a means of grappling with group borrowings of L28,838bn ($18bn).

The proposals involve a reduction in the nominal value of the shares to L5 from L1,000 and their consolidation on the basis of one new share for every 200 held.

The plan was the central point in a stormy seven-hour annual meeting which also appointed a new board of directors.

The share write-down, required under Italian law because of the size of Ferfin's losses, is the first step to a big rights issue, in which Ferfin's creditor banks are expected to swap part of their debts for equity.

However, details of the rights issue are only likely to emerge once Ferfin's main creditor banks unveil their long-awaited restructuring plan for the group later this month.

Mr Guido Rossi, Ferfin's new chairman imposed by the creditor banks earlier this year, said it would only be possible to give details of the rights issue once the rescue plan had been approved.

The restructuring is expected to include disposals of non-core activities and the rationalisation of many remaining operations.

Ferfin's new board was reduced to just five members, with Mr Rossi as chairman and Mr Enrico Bondi, also brought in by the banks, as managing director. The three other members will represent creditor banks, the Ferruzzi family and small shareholders.

This boardroom structure reflects the growing divisions that have emerged between the Ferruzzi family, which controls about 48 per cent of Ferfin, and the creditor banks now guiding its affairs.

Some shareholders yesterday called on the company to take legal action against former managers, including Ferruzzi family members, who allegedly conspired to cover up vast trading losses and illegal payments to Italian politicians.

Last month, a Milan court approved a similar request by the new management of Ferfin's Montedison industrial subsidiary.

Separately, Price Waterhouse, the international accounting group which last week was banned by the Consob stock market and companies watchdog from auditing Ferfin's accounts, said it would appeal against the decision.

Consob revoked Price Waterhouse's contract to audit Ferfin's books for the next three years on the grounds that it had failed to discover grave irregularities in the group's accounts.

Elf falls 60% after hit on oil assets

By John Ridding in Paris

ELF Aquitaine, the French oil and gas group and one of the companies that will spearhead the government's privatisation campaign, yesterday announced a drop of almost 60 per cent in first-half profits following a write-down of oil assets.

Net profits fell to FFr1.4bn ($230m), from FFr3.3bn, after a FFr2.3bn write-down. Total sales rose from FFr98.9bn to FFr102.7bn.

Analysts said underlying profits had performed in line with expectations, with operating income falling 24 per cent to FFr3.69bn excluding the write-down. Elf's shares slipped by FFr2.7 to FFr445.9.

Elf said that the decision to revalue its oil assets, principally in the North Sea, was "a cautious response" to the prospects of continued weakness in the international oil price. It said that the "one-off" move would not affect its dividend policy or future production volumes.

Analysts said the write-down represented an attempt by Elf to clarify its prospects before the privatisation, expected early next year. The government yesterday confirmed it is likely to retain between 10 and 15 per cent of Elf.

Like other companies at the top of France's privatisation list, Elf is experiencing difficult market conditions. Its core oil and gas exploration and production activities suffered a 22 per cent fall in operating profits to FFr1.64bn, reflecting the fall in oil and gas prices.

The group's chemicals and minerals division suffered from continued pressure on petrochemicals prices and reduced demand for fertilisers. Operating profits fell sharply from FFr1.3bn to FFr176m. One bright spot was speciality chemicals which enjoyed strong sales, particularly in the US.

The refining and marketing division was boosted by the acquisitions of Minol in eastern Germany and the African distribution network of British Petroleum. As a result, operating income rose by 35 per cent to FFr782m.

Elf Sanofi, the healthcare and pharmaceuticals arm, maintained net profits at about FFr456m. Elf's stake in Elf Sanofi was reduced from more than 60 per cent to 51 per cent following the acquisition of Yves Saint Laurent, the cosmetics and luxury goods company.

John Gapper reports on changing trends at HSBC fuelled by the Midland buy

HSBC doubles to make £1.2bn

STRONG trading income in Europe and banking growth in the Asia Pacific region helped HSBC Holdings, the international banking group, to disclose a 126 per cent increase in pre-tax profits from £521m to £1.17bn in the first half of the year.

HSBC also provided pro forma figures including its UK subsidiary Midland for the comparative period, which showed a 116 per cent rise in pre-tax profits. Midland was consolidated into HSBC's results in the second half of last year after a merger agreed a year ago.

Since December, HSBC increased assets by £13bn to £183bn. The strongest asset growth came in mortgage lending in the UK and Hong Kong, and in treasury dealing assets such as gilts and other government bonds held by Midland.

The group achieved a return on shareholders' funds of 19.8 per cent and a 58 per cent rise in earnings per share to 33.12p, against 20.97p or a pro forma 13.24p. It increased its interim dividend to 7p from 4.8p.

Sir William Purves, chairman, said the merger with Midland was proceeding "satisfactorily". The outlook for Hong Kong remained good because measures to reduce overheating in the Chinese economy would probably have only a "modest" impact.

The most serious slip in the group's worldwide operations occurred in its Marine Midland US retail bank, which wrote down its mortgage servicing rights by $182m as fixed rate mortgages were repaid amid falling interest rates.

Provisions for bad and doubtful debts fell by 19 per cent on a pro forma basis to £447m. Asia Pacific provisions fell to £50m, against £173m, while US provisions were negligible as a result of a provisions release at Marine Midland.

The group's pro forma non-interest income rose by 29 per cent to £1.64bn. This included dealing profits of £522m, against £204m, as securities and foreign exchange dealing were helped by exceptional trading.

Operating expenses grew by 18 per cent pro forma to £2.2bn, half of the rise accounted for by exchange rate movements. But the cost to income ratio fell to 59 per cent from 64.2 per cent pro forma.

The group's total capital to risk-weighted assets ratio strengthened to 12.9 per cent against 12.6 per cent pro forma. But its tier 1 ratio of core capital to assets fell to 7.5 per cent from 9.4 per cent pro forma after re-classification.

Hongkong Bank advances, Page 20; Lex, Page 16

Growing out of traditional boundaries

HSBC Holdings is hardly the household name in Britain that Hong Kong and Shanghai Bank used to be in Asia. Its interim results yesterday showed one of the reasons. The true nature of the bank is hard to detect because it has only started to take shape over the past year.

The results were full of adjustments for the consolidation of Midland Bank, currency movements and other one-offs such as the £484m disposal of a stake in Cathay Pacific. Yet below these complications, a quite different bank from the traditional one seems to be forming.

The bank's aim is to become a well balanced business with strong enough risk management controls to avoid some of its past mishaps with foreign acquisitions.

HSBC's acquisition of Midland – which now comprises £67bn of the £183bn assets – was intended to reduce its reliance on Hong Kong. The 46 per cent of assets that now lie in Europe produced 30 per cent of profits.

The manner in which assets expanded from £143bn in June last year – adjusted for Midland – shows its two-pronged development.

The first line of growth was in trading assets such as debt securities held by Midland. Midland's purchase of gilts and other government bonds nearly doubled debt security holdings to £21.5bn. This was in contrast to poor loan demand in Europe.

The second component of growth was different: the increase in residential mortgages, particularly in Hong Kong. Mortgage assets rose from £14.6bn to £19.2bn over the year. The bank has tried to limit risk from a housing market downturn by lending an average of 63 per cent of asset value.

Mr John Bond, HSBC's chief executive, said the bank was "comfortable" with its mix of assets.

But the re-balancing of assets raises two questions: whether it is exposing itself to risks through assets growth; and what criteria it will use to allocate capital.

The risk question has been given added force by a further slip in the Marine Midland US retail bank subsidiary. It had to write down the value of its mortgage servicing business by $182m (£122.9m) because many consumers repaid fixed rate loans. The business has now been reduced to a net value of $96m.

Mr Bond argued that risk in Hong Kong had been limited by the low loan-to-value ratio, and avoidance of people buying and selling houses rapidly. The bank regards treasury assets as low risk because they are more liquid than medium-term loans. It has traditionally placed a strong emphasis on liquidity.

The longer-term question is the criteria by which the bank will choose where to allocate its capital. It is becoming popular among banks to set targets for returns on equity against which their parts can be judged. But HSBC does not believe in such targets, largely because its businesses are diverse.

It judges returns on what it would get by putting the money into local treasury bonds. It believes returns on equity will be lower in low inflation economies, but this will be balanced by increases in asset values as currencies appreciate. This means it does not judge subsidiaries wholly on their earnings.

"We are looking for continuous improvement. We do not have a catch-all return on equity target," said Mr Bond.

If so, it means that HSBC will develop differently – perhaps more organically – than banks which judge themselves by clinical rules, though its emergence is likely to take some time yet.

Trevor Humphries
John Bond: 'We are looking for continuous improvement'

Harmony prevails in Bechstein rescue

By Judy Dempsey in Berlin

BECHSTEIN, one of Germany's oldest piano manufacturers, was yesterday rescued from bankruptcy after Berlin's ruling Senate bought the company's headquarters in the capital, clearing the way for banks to arrange a refinancing package.

Bechstein, which has debts of more than DM38m ($22.6m) will sell its headquarters in western Berlin for DM30m and rent the space from the Senate.

The Senate, which originally sold the property to Bechstein in the mid-1980s, had an option to buy it back. Its value, because of its location between eastern and western Berlin, is estimated at much more than DM30m.

Bechstein said: "We could have done with a bit more money from the Senate, but at least we are now on the road to a secure footing."

Bechstein, which also owns Zimmermann, a quality piano maker in Saxony, has been suffering from a decline in sales. Last year, turnover fell 15 per cent to DM20m and is expected to fall short of DM15m this year.

In 1990, the company was making 350 grand pianos and 600 uprights a year. Under a cost-cutting programme, Bechstein itself will produce 200 grand pianos and 450 uprights. Its subsidiaries, Zimmermann and W. Hoffmann, which produce 2,000 pianos a year, will try to challenge the growing presence in Germany of pianos from south-east Asia and other parts of Europe.

Hutchison Whampoa evolves from hong to Chinese group

By Simon Davies in Hong Kong

MR SIMON Murray yesterday stepped down as managing director – or Taipan – of Hong Kong's largest conglomerate, Hutchison Whampoa. He is replaced by fellow director Mr Canning Fok in a move which crystallises the group's evolution from British-style hong, or trading company, to Chinese corporation.

Mr Murray's departure, which had been expected, comes at a time of rapid change for Hutchison. It has reversed the international diversification of the 1980s and focused on its core businesses of infrastructure and property in Hong Kong and China – businesses where the expatriate manager has a limited role.

Mr Fok is regarded as a short-term stand-in for Richard Li, 26, who was promoted yesterday to deputy chairman. He is the son of the chairman, Mr Li Ka-shing, whose listed flagship Cheung Kong owns 40 per cent of Hutchison.

Mr Murray joined the group in 1984, when it was primarily involved in property development, trading, retailing and port operation. Subsequently it acquired control of Hongkong Electric and pushed into telecommunications.

However, he was also instrumental in Hutchison's diversification overseas – primarily into Hutchison Telecommunications (UK) and Husky Oil and Gas – reflecting the growing corporate concern over Hong Kong exposure in the lead-up to the colony's hand-over to China in 1997.

But the overseas expansion has proved far less successful in the 1990s than Hutchison's core business. During 1991 and 1992, Hutchison wrote off HK$2.2bn ($276.76m) against Husky Oil and suffered significant losses in UK telecoms. Last year, it became clear that Mr Li had decided to sell these businesses.

It is estimated that the company will invest HK$8bn over the next four years in the development of its two Chinese container ports, in Shanghai and in Yantian, in the Pearl River delta. The group is also believed to be negotiating substantial Chinese property deals.

Mr Murray will remain a non-executive director and consultant to the company.

Strong sales growth lifts Astra 58% to SKr3.7bn

By Christopher Brown-Humes in Stockholm

ASTRA, the Swedish pharmaceuticals group, said first-half profits rose 58 per cent, to SKr3.67bn ($456.1m), as it continued to benefit from surging sales of its two main drugs, Losec and Pulmicort.

The group warned that profit growth over the rest of the year would be slower, mainly because last year's fourth-quarter result was inflated by SKr500m in currency gains following the floating of the Swedish krona. It expects sales growth to continue at the 38 per cent level achieved in the first half.

Currency factors slowed pre-tax profits growth in the second quarter from the 63 per cent of the first three months. However, growth in operating profits, which rose to SKr2.99bn from SKr2.06bn in the first half, was unchanged at 45 per cent.

An 18 per cent increase in volume, and the depreciation of the krona powered the increase in group sales, to SKr10.56bn from SKr7.64bn. The group said sales rose 50 per cent in the UK.

It also said its position was improving in Germany, its largest single market, where all drug companies came under an intense cost-containment squeeze in the first few months of the year. Even so, first-half sales in the German market fell 10 per cent.

Sales of Losec, the company's highly-successful anti-peptic ulcer drug, rose 61 per cent to SKr3.28bn from SKr2.04bn. Total sales of the drug, including those through licensees, amounted to SKr5.55bn, against SKr3.3bn.

Sales of anti-asthma agent Pulmicort climbed 53 per cent to SKr1.37bn from SKr898m. Plendil, the anti-hypertensive agent, increased sales by 41 per cent to SKr416m.

Trelleborg plans rights issue

By Christopher Brown-Humes

TRELLEBORG, the Swedish mining and metals group, yesterday became the fifth large Swedish group to announce a rights issue in the past two weeks when it unveiled plans to raise SKr1.2bn ($149m) from shareholders to cut debts.

It also aims to sell its Munksjo paper and packaging unit, or float it on the stock exchange, in a move which could raise several billion kronor. The group also wants to sell its remaining shares in Svedala, the mineral processing and transport unit.

The plans were announced as the group sank deeply into the red with a first-half loss after financial items of SKr796m, against a SKr117m profit in the same 1992 period.

Depressed metal prices led to a fall in turnover, to SKr10.97m from SKr11.55bn, while there was an operating loss of SKr131m, against a SKr29m profit.

Trelleborg said in July it planned to cut debts by SKr3bn over the next 12 months.

The rights issue will be on a one-for-two basis at SKr30 per share.

The group has net debts of about SKr10bn and has already sold assets worth SKr1.4bn this year.

● Incentive, the industrial and investment group controlled by the Wallenberg family, said rationalisation and increased focus on engineering businesses helped it lift first-half profits to SKr273m from SKr212m, excluding associated companies.

The increase was achieved despite a fall in sales to SKr2.74bn from SKr2.93bn, amid weak conditions in the group's main Nordic and west European markets.

If income from Incentive's stakes in Asea, Electrolux and Esab is included, profits climbed to SKr780m from SKr654m.

The group said construction groups Munters and Tour & Andersson and materials handling group Hägglunds Marine had performed well despite difficult market conditions.

Hasselblad, the camera company, had a more difficult time, largely because of a weak European market.

Attwoods' US subsidiary indicted

By Richard Gourlay in London

A SUBSIDIARY of Attwoods, the waste management group where Sir Denis Thatcher is deputy chairman, has been indicted by a federal grand jury for billing irregularities and alleged violations of municipal contracts.

The indictments, from the District of Maryland, follow an investigation by the US attorney's office and the Federal Bureau of Investigation into the group's Eastern Waste Industries subsidiary in Annapolis.

Attwoods said the indictments related to overcharging dating back to 1982, before the company was acquired.

The investigations had been reported to shareholders. A $10m provision was made in the last accounts.

Customers who had been overcharged had been reimbursed with interest at a total cost of about $4m, according to Mr Ken Foreman, chairman and chief executive. Directors still believed the provisions were adequate to cover legal costs and any fines that might arise from the indictment of the company and eight current and former employees.

Mr Foreman said: "There is no doubt that customers were overcharged. We discovered it and wrote to every customer back to 1982."

He said Attwoods had begun auditing and reimbursing customers in March 1990, before federal authorities said they had begun their investigation.

France to open state sell-off with BNP

By John Ridding in Paris

BANQUE Nationale de Paris, one of France's largest banks, will kick off the government's ambitious privatisation programme.

Mr Edmond Alphandéry, the economy minister, yesterday described the bank as a "symbol" of the French economy. He said the privatisation would take place within weeks, providing stock market conditions were favourable.

The choice of BNP, valued at between FFr35bn and FFr40bn ($6.9bn), reflects the government's desire to demonstrate confidence in the privatisation programme, which aims to sell 21 publicly-controlled companies to the private sector.

"They wanted to start with a bang," said Mr David Harrington, head of research at James Capel in Paris. "It is a signal that they mean business on privatisations."

The government is expected to sell the whole of its 73 per cent stake in the bank as part of its plan to raise at least FFr40bn from privatisations this year.

The privatisation of BNP will be followed by the sale of the government's 43.4 per cent stake in Rhône Poulenc, the chemicals group. Elf Aquitaine, the oil group, and Banque Hervet, a small retail bank, are next on the list.

BNP has been preparing itself for privatisation since the appointment in March of Mr Michel Pébereau as chairman. It has increased its provisions for general risks and bad loans, particularly for small and medium-sized companies.

These provisions have caused a sharp fall in profits. Results for the first half of this year showed a fall of 60 per cent to FFr522m. However banking analysts in Paris said they represented an attempt to eliminate problems ahead of privatisation.

Between now and privatisation, say analysts, BNP will try to secure a hard core of long-term investors. These could include UAP, the insurance group, which already holds about 10 per cent of BNP's shares.

Profits at CS Holding surge 65%

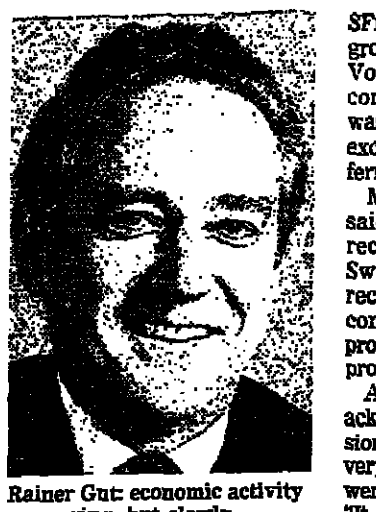
By Ian Rodger in Zurich

CS HOLDING, the financial services group built around Credit Suisse, the Swiss bank, yesterday reported a jump of 65 per cent, to SFr832m ($600m), in first-half net income. It forecast a "very good" full-year profit.

The strong result, attributed mainly to soaring revenues from trading, enabled the group to reach for the first time its target of a 15 per cent return on equity.

The return would have been higher if the group had not shifted an unusually high proportion of its SFr2.8bn in pre-tax profits to provisions for bad loans.

Provisions in the first half reached SFr1.34bn, SFr509m more than in the first half last year. All but SFr9m of the SFr234m pre-tax profit of the group's new subsidiary, Swiss Volksbank, was placed in a contingency provision. This was in addition to SFr472m of excess Volksbank equity transferred to general reserves.



Rainer Gut: economic activity recovering, but slowly

Mr Rainer Gut, CS chairman, said economic activity was recovering, particularly in Switzerland. But with the recovery moving slowly, "a considerable amount" would probably have to be charged to provisions in the full year.

Another CS Holding official acknowledged that the provisions at the interim stage were very generous, but said they were made as a contingency. "It is better to do it in the first half rather than be surprised in the second half," he said.

Consolidated gross income jumped 44 per cent to SFr6.49bn. Volksbank, acquired in April for SFr1.6bn, provided SFr655m of the rise. Trading income, the group's largest source of profit, soared 83 per cent to SFr2.3bn, while commission income was up 31 per cent to SFr2.2bn. Net interest income ahead 23 per cent to SFr1.67bn.

Total operating expenses advanced 37 per cent to SFr3.7bn, with the inclusion of Volksbank figures accounting for two-fifths of the rise. Much of the rest came from big performance bonuses paid at CS First Boston subsidiaries.

The addition of Volksbank pushed total assets to SFr343.3bn at June 30, making CS the largest Swiss financial services group.

Fiat pins hopes on new model

By Haig Simonian and Kevin Done in Turin

FIAT, the Italian motor group, hopes foreign sales of its new Punto small car, to go on sale early in November, will open the way to an export-led recovery for its car activities.

Mr Paolo Cantarella, managing director of the Fiat Auto subsidiary, compared the Punto's importance with the Fiat Uno, the award-winning small car which reversed Fiat's decline in the early 1980s.

Mr Cantarella expected up to 50 per cent of Punto production to be sold abroad, against 40 per cent for the Uno. Fiat is releasing the new model, in which it has invested more than L5,600bn ($3.5bn), simultaneously in Italy, France and Germany.

Mr Cantarella admitted the segment of the European car market into which the Punto fitted was by far the most competitive.

Rivalry in the 'B' segment, which includes the VW Polo and Renault Clio, was set to stiffen as other manufacturers, which had previously concentrated on bigger cars, diversified into smaller models.

Fiat is depending on the Punto to spearhead an improvement in sales, notably in the home market it once dominated. Fiat's share of the Italian market has plunged to around 44 per cent from about 60 per cent in the late 1980s.

The group's position has been exacerbated by this year's 26 per cent fall in domestic car sales. "We don't underestimate the difficulties the industry is facing. However there's no reason to suppose we can't return to development and recovery," said Mr Cantarella.

The Punto is expected to sell between 60,000 and 70,000 units this year – too few to affect Fiat's 1993 results. However, sales should reach between 450,000 and 500,000 in 1994.

Fiat will release first-half sales and earnings figures later this month.

Aguilo ousted as chairman at Iberia

By Tom Burns in Madrid

A SIMMERING boardroom row at Iberia over management of Latin American operations came to a head yesterday when Mr Miguel Aguilo was ousted as chairman of the Spanish national carrier and replaced by Mr Javier Salas, chairman of INI, the state holding company which owns Iberia.

Mr Salas, who will continue to run INI, will be seeking to redirect Iberia's Latin American strategy where a string of acquisitions, notably that of Aerolineas Argentinas, has placed onerous burdens on Iberia's already fragile balance sheet.

Mr Aguilo's departure was not unexpected. The airline posted pre-tax losses of Pta47.2bn ($349m) last year and losses are estimated at Pta30bn for this year's first half. INI recently injected Pta120bn of extra capital into Iberia.

The outgoing chairman has been blamed for failing to weld Iberia's Latin American operations to those in Europe. "We haved been unable to make Madrid the European entry point to Latin America and we have frittered away potential economy of scale profits from our Latin American investments," an Iberia executive said.

Aerolineas, Iberia's chief asset in a Latin American arm that includes shareholdings in Venezuela's carrier Viasa and in Chile's Ladeco, is estimated to be losing $200m a year.

Mr Aguilo's exit was foreshadowed earlier this year when Mr Salas appointed Mr Manuel Moran, a senior INI executive, as chief executive of the Argentine airline. About 50 managers and senior technicians have since been sent from Spain in an effort to turn around Aerolineas.

Linde hit by strength of D-Mark

By David Waller in Frankfurt

LINDE, the German engineering group, yesterday announced a fall of just more than a third in pre-tax profits for the first six months of the year. It predicted profits for the full year would also be down.

Hit by the effects of a strong D-Mark and by domestic recession, pre-tax profits fell to DM161.1m ($96.7m) from DM243.1m in the first half of last year. Turnover fell 6.9 per cent to DM3.23bn.

Linde warned that sales would be down 5 per cent for the whole year. Order intake rose to DM5.99bn, 10 per cent higher than at the end of 1992. This reflected a number of new plant construction contracts.

Linde said demand for fork-lift trucks and warehousing equipment was sharply lower than expectations. The European market for fork-lift trucks, for example, shrunk 26 per cent in the six months.

Without recent acquisitions, the group's turnover in this market segment was down 16 per cent, and order intake by 18 per cent.

The strengthening of the D-Mark against European currencies also hit the fridge manufacturing business.

THE GERMAN PFANDBRIEF

S O L I D V A L U E F R O M T H E G R O U N D U P

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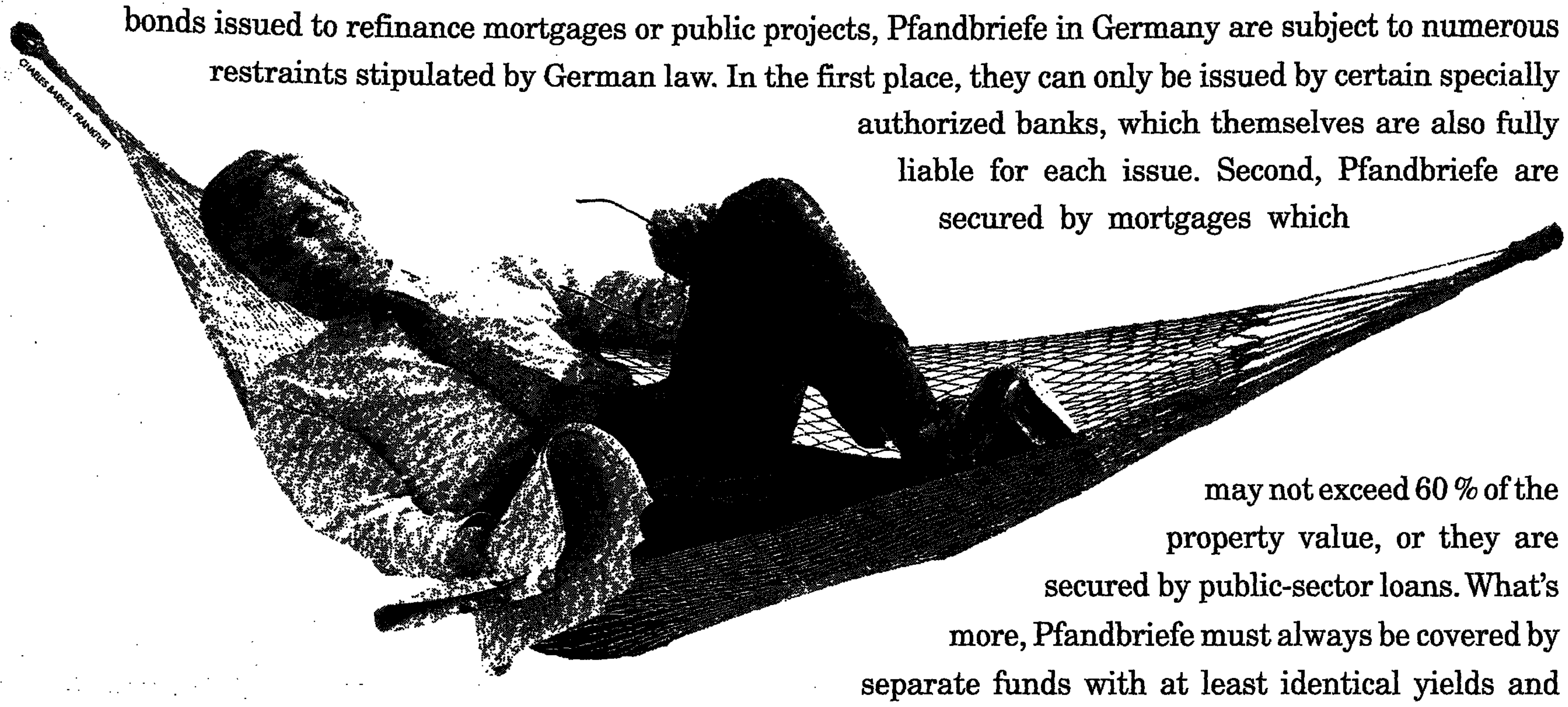

This time-tested legal framework plus yields usually higher than on German Treasury bonds (Bunds) help explain why Pfandbriefe, at DM 832 billion at year-end 1992, amounted to about 40 % of all bonds outstanding in Germany. Of this total, Germany's 26 private mortgage banks accounted for DM 503 billion. So with German Pfandbriefe you don't have to relax your expectations.

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DEPFA-BANK, WIESBADEN
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DEUTSCHE HYPOTHEKENBANK FRANKFURT AG, FRANKFURT
RHEINHYP, FRANKFURT
DEUTSCHE GENOSSENSCHAFTS-HYPOTHEKENBANK AG, HAMBURG
FRANKFURTER HYPOTHEKENBANK AG, FRANKFURT
DEUTSCHE CENTRALBODENKREDIT-AG, KÖLN
BAYERISCHE HANDELSBANK AG, MÜNCHEN
WESTHYP, DORTMUND
BERLIN HYP, BERLIN
SÜDDEUTSCHE BODENCREDITBANK AG, MÜNCHEN
MÜNCHENER HYPOTHEKENBANK EG, MÜNCHEN
HAMBURGHYP, HAMBURG
WÜRTTEMBERGER HYPO, STUTTGART
NÜRNBERGHYP, NÜRNBERG
HYPOTHEKENBANK IN ESSEN AG, ESSEN
DEUTSCHE HYPOTHEKENBANK (ACT.-GES.), HANNOVER
BRAUNSCHWEIG-HANNOVERSCHE HYPOTHEKENBANK AG, HANNOVER
ALLGEMEINE HYPOTHEKEN BANK AG, FRANKFURT
RHEINBODEN HYPOTHEKENBANK AG, KÖLN
LÜBECKER HYPOTHEKENBANK AG, LÜBECK
NORDHYPO BANK, HAMBURG
BFG-HYPOTHEKENBANK AG, FRANKFURT
WL-BANK, MÜNSTER
HYPOTHEKENBANK IN BERLIN AG, BERLIN

Hongkong Bank advances 57% in first half

By Simon Davies in Hong Kong

THE Hongkong and Shanghai Banking Corporation – the HSBC Holdings' wholly-owned subsidiary which controls its Asia Pacific activities – yesterday announced a 57 per cent increase in interim profit attributable to shareholders to HK$6.37bn (US$822m), up from HK$4.06bn in 1992.

Hongkong Bank registered strong earnings growth from its operations in Hong Kong, Singapore and Malaysia, but the figures were also boosted by a sharp reduction in provisions against bad debt.

During the first half of 1992, Hongkong Bank wrote off an estimated HK$1.4bn against its exposure to the Olympia & York group, and this was followed by an estimated HK$2.1bn provision against the Canadian property group in the second half of the year.

Hongkong Bank's chairman, Mr John Gray, described the outlook for the second half as "encouraging". He said: "The measures taken to correct over-heating in China's economy may mean slower growth for both China and Hong Kong in the short term, but long term they are likely to be beneficial."

At the interim stage, HSBC's Asia-Pacific operations accounted for 75 per cent of the group's pre-tax profit and 37 per cent of its assets.

Wardley Holdings, which operates the HSBC's Asian merchant banking and broking activities, achieved results significantly ahead of expectations as a result of a booming Hong Kong stock market and the volatility in international currency markets.

There was also a continued turnround from Hongkong Bank of Australia, helped by the strength of its treasury and trade finance divisions.

In Hong Kong, the bank registered a substantial increase in trade finance as a result of continuing re-export growth from the neighbouring Chinese province of Guangdong.

The company's 61 per cent owned Hong Kong retail bank, Hang Seng Bank, announced a disappointing 17.5 per cent increase in interim profit in spite of booking a HK$259m profit from its sale of Wing On Bank. This reflected the tightening of net interest margins and increasing competition for deposits this sector has faced.

However, Hongkong Bank said its local operations had attracted strong loan demand. During the interim period, the bank registered a 13 per cent increase in loans compared with the first half of 1992. Analysts believe much of the growth came from Singapore and Malaysia, where the group achieved record profits.

See Lex

The Limited plans shake-up

By Frank McGurty in New York

THE LIMITED, the US clothing and toiletries retailer, will close or remodel as many as 360 of its Lerner New York and Limited women's clothing stores as part of a two-year restructuring programme.

The company, which operates 12 specialty store chains and a mail-order catalogue business, said that it would take a $200m pre-tax charge against earnings this year after reassessing the carrying value of certain Lerner, Limited and Henri Bendel outlets. The provision would cover the cost of the closures, remodelling and asset revaluation.

The company also announced that it had completed the sale of a 60 per cent stake in its Brylane mail-order division to Freeman Spogli, a California merchant bank, for $285m in cash. It said the disposal would result in a $203m pre-tax gain. Some of the proceeds are to be used to accelerate the store closure and remodelling programme.

The company's refocus is expected to increase total employment, not reduce it.

Western Mining disciplines director

By Bruce Jacques in Sydney

THE BOARD of Western Mining Corporation, the Australian metals producer, has taken the rare step of publicly disciplining the company's managing director, Mr Hugh Morgan, over the loss of a mining lease earlier this year.

The disciplinary action was announced yesterday by Sir Arvi Parbo, WMC chairman, following an internal inquiry into the loss of the mining lease, known as Ernest Henry, which is expected to reduce the company's annual earnings by A$20m (US$13.50m).

Sir Arvi's statement said that Mr Morgan, one of Australia's highest-profile businessmen, accepted managerial responsibility in the matter and would not be eligible for the company's senior officers' share plan for two years.

"Mr Morgan is further required to minimise his involvement in outside activities to enable him to concentrate on the implementation of the actions decided upon by the board," Sir Arvi said.

The announcement was viewed in Australia yesterday as a humiliating rebuff for Mr Morgan's strident management style and outspokenness on a range of issues including the mining industry's relationship with aboriginals.

WMC lost the Ernest Henry lease to a small Australian mining company, Savage Resources. The lease is now almost certain to be developed into a copper mine by Savage and its new partner MIM Holdings, a mining rival to WMC.

The WMC board has also disciplined Mr C. N. Middleton, the exploration manager most directly responsible for the lost mining area, and two senior exploration executives, Mr D. N. Harley and Mr R. Woodall.

But the enquiry found that none of the company's officers behaved in a manner which required dismissal. The company has indicated that it would be making procedural changes, especially in its exploration division.

US banks stake out insurance battlefield

THE TINY outpost of Banks, Oregon (population 489), is an unlikely battleground for the struggle between US banks and insurers over whether banks should be allowed into the insurance business. Yet this small town, wedged between the city of Portland and the Pacific Ocean, has been the setting for one of a series of convoluted legal actions which will ultimately determine whether banks can use their networks to sell insurance products around the country.

This Oregon town is home to one of the first nationwide insurance marketing efforts by a bank, the Portland-based US National Bank. Taking advantage of a legislative loophole which allows nationally chartered banks (as opposed to those organised under state laws) to sell insurance from towns with populations of less than 5,000, US National markets insurance products by direct mail throughout the US. Similar operations have sprung up in small towns all over the country as banks seek to expand the range of products they sell to their customers.

A flurry of legal actions over such operations, brought by insurance agents eager to protect business, is currently winding its way through the federal court system. The right of US National to continue its operations in Banks was upheld in July by a federal appeals court in Washington. But the latest ruling of its kind, handed down by the federal appeals court in Houston, was a setback for the banking industry. This judgment, delivered against NationsBank, the North Carolina-based bank, could severely restrict the ability of banks to sell annuities, a business with bank sales put at $15bn a year.

According to the Houston ruling, annuities – contracts which pay a set amount periodically to an investor for life in return for a single lump-sum payment – are a type of insurance contract, and so should be subject to the same rules as other insurance products. That runs counter to a ruling earlier this year by the Office of the Comptroller of the Currency, the arm of the US Treasury charged with regulating nationally chartered banks. The OCC concluded that annuities were banking rather than insurance products, a view it continued to adhere to yesterday.

For banks which have grown accustomed to picking their way through the discrepancies between banking and insurance regulation and between federal and state legislation, such conflicts are nothing new.

"We've been in litigation for three years," says Mr Tom Brumley, president of the small Kentucky-based Owensboro National Bank, which has assets of just $370m. Mr Brumley has been fighting the Kentucky insurance regulators over whether the bank can sell insurance products at all in the state. Echoing the ambitions of bankers around the country, he says he wants to use his existing network to sell more products to the 22,000 households which comprise the bank's customer base.

Kentucky law forbids bank employees from selling insurance. The question now, to be decided in the federal appeals court in Cincinnati, is whether such state legislation has primacy over federal law, or whether Mr Brumley's bank can enter the insurance business.

Complicating the picture for the banks has been a lack of clarity in some of the rulings so far. The Washington judgment found that banks could sell insurance from small towns – apparently leaving it open to banks with insurance operations headquartered in such places to use any method to sell insurance anywhere in the US, including through their existing bank branch network. Last week's ruling in Houston, though, appeared to limit banks to selling insurance only in small towns.

Bankers hope that such discrepancies will eventually be ironed out in the supreme court. Given the vested interest involved, most hold out little hope that Congress will attempt to clarify the issue with new legislation, a route recommended by the Washington court.

Richard Waters

NEWS DIGEST

Bell Canada review after rates setback

BELL CANADA, the eastern Canada telecommunications utility and main income contributor to BCE, Canada's biggest telecommunications group, says it will make a sweeping review of its business after losing a bid to raise local telephone rates by an average of 10 per cent, writes Robert Gibbens in Montreal.

Bell argued before the Canadian Radio-Television and Telecommunications Commission that it needed C$315m (US$238m) more revenues in 1993 and C$520m in 1994 to maintain a reasonable return and offset revenues lost to long distance competition. For many years long distance rates have subsidised local rates.

But the CRTC, the federal regulator, said Bell did not need the increases to retain "financial integrity". It reduced the company's allowable rate of return to 11 to 12 per cent from 12.5 to 13.5 per cent sought by Bell.

Tubemakers surges

TUBEMAKERS, the Australian manufacturer, has raised its annual dividend to 10 cents a share from 7 cents after a strong earnings performance in the year to June, achieved despite modest sales growth, writes Bruce Jacques.

The company, 49 per cent controlled by BHP, yesterday reported a 66 per cent net increase in earnings to A$43.3m (US$28.9m) from A$26.2m on a 3 per cent sales rise to A$1.16bn from A$1.13bn.

The result followed tax provisions of A$23.3m, against A$13.7m, and depreciation of A$22.2m, against A$31.2m. Interest expenses fell marginally to A$14.8m from A$15.6m.

Visa president quits

THE PRESIDENT and chief executive officer of Visa USA, Mr Robert Heller, has resigned saying he would pursue other interests, AP-DJ reports from San Francisco.

Mr Heller, aged 53, joined Visa in 1989 and was named president in 1991.

Mr Carl Pascarella, 50, president of the company's Asia Pacific division, succeeds Mr Heller.

Visa is the world's largest credit card company.

Citibank alters HQ

CITIBANK, the US banking group, has moved its China headquarters from Hong Kong to Shanghai to strengthen its presence in the expanding Chinese market, writes Tony Walker in Beijing.

Mr C. P. Cheng, of Citibank's corporate office in Shanghai, said the re-location would help "speed-up" the bank's efforts to promote its China business.

Citibank, with 35 employees in Shanghai, is focusing on its corporate business, and is also active in trade financing. Another focus of the bank's activities is to assist in the technical development of the local stock exchange.

Citibank, which is the sole cash settlement bank for B share trading on the Shanghai Securities Exchange, has been appointed adviser to the exchange's Central Clearing and Registration office.

China lifted a ban on foreign financial institutions in 1979. Since then over 130 representative offices and 90 bank branches have set up in China.

Westinghouse move

SIEMENS, the German high technology group, has waived its right to buy Westinghouse Electric's distribution and control business, clearing the way for the US company to sell the division to Eaton Corp for $1.1bn, writes Martin Dickson in New York.

Eaton, which is based in Cleveland, Ohio, agreed to buy the division on August 11 but the sale was subject to Siemens' right of first refusal, which the German company gained under a 1989 contract. Disposal of the unit is part of a restructuring plan to cut Westinghouse's debt.

NEC supplies notebook PCs to NCR for US sale

By Michiyo Nakamoto in Tokyo

NEC, the Japanese electronics company, is supplying NCR of the US with notebook PCs for sale in the US under NCR's name.

The deal calls for NEC to supply NCR, the computer subsidiary of AT&T, with IBM-compatible colour notebook PCs for one year initially.

It will further the ties between NEC and AT&T, which are already co-operating in the telecommunications and semiconductor fields. For example, NEC is the second source for AT&T's Hobbit semiconductor chips.

The Japanese company expects shipments of its colour notebooks to NCR to be more than 20,000 a year.

The colour notebooks to be supplied by NEC use TFT-liquid crystal displays and are all manufactured in Japan. NEC launched the notebook in the US under its own brand in April.

Board changes at Gencor

By Philip Gawith in Johannesburg

GENCOR, the South African mining house, has announced various changes to the board of directors which will take effect after it unbundles its industrial interests in November.

Three of the existing directors will leave the board, and four new appointments have been announced. The most significant of these is the appointment of Mr Mick Davis, currently executive director (finance and services) of Eskom, the national electricity utility. Mr Davis will join Gencor in January as executive director: finance. In due course he will take over as chairman of Trans-Natal, the coal company in the Gencor stable.

Leaving the board are Mr Tom de Beer, Mr Eugene van As and Mr Jaco Fouche. The first two were on the board in their capacities as chairmen respectively of Genbel and Sappi, two of the companies that are being unbundled.

Mr Grant Thomas and Mr Rob Angel, respectively chief executives of Malbak and Engen, will be staying on the Gencor board as non-executive directors, despite their groups ceasing to be under Gencor control after the unbundling.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.11	20.66	24.45
0100	18.11	18.03	18.03
0130	18.11	18.03	18.03
0200	18.09	18.01	18.01
0230	18.09	18.01	18.01
0300	18.09	18.01	18.01
0330	18.09	18.01	18.01
0400	18.09	18.01	18.01
0430	18.09	18.01	18.01
0500	18.09	18.01	18.01
0530	18.11	18.01	18.01
0600	18.09	33.00	33.00
0630	18.09	33.00	33.00
0700	20.54	33.00	33.00
0730	25.36	32.00	37.22
0800	24.73	20.66	24.37
0830	26.89	26.21	29.05
0900	29.45	28.73	30.50
0930	30.12	27.94	31.73
1000	32.79	28.96	32.60
1030	32.85	28.96	32.80
1100	30.44	32.67	36.66
1130	30.59	32.67	36.66
1200	32.94	32.67	36.64
1230	32.87	32.67	36.61
1300	29.94	32.67	36.57
1330	27.92	27.94	31.65
1400	27.63	25.61	29.25
1430	26.89	25.61	29.25
1500	26.86	25.61	29.25
1530	26.86	25.61	29.25
1600	26.91	25.61	29.25
1630	26.97	25.61	29.24
1700	34.71	25.61	29.24
1730	34.57	34.67	38.62
1800	34.57	34.67	38.62
1830	28.26	34.66	38.54
1900	26.46	34.66	38.66
1930	24.95	24.34	27.95
2000	24.87	24.45	28.09
2030	36.03	24.22	27.80
2100	36.08	24.22	27.88
2130	32.78	36.00	39.97
2200	32.63	36.00	39.93
2230	24.72	36.00	40.04
2300	21.79	24.22	27.89
2330	22.07	22.10	25.83
2400	21.68	20.61	24.59

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.65/MWh becomes 1.665p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8:30am and 5:15pm Monday to Friday.
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INTERNATIONAL CAPITAL MARKETS

High-yielding countries show surprising strength

By Peter John in London and Patrick Harverson in New York

EXPECTATIONS that the European government bond rally might be losing momentum proved premature yesterday as prices rose again on thin summer buying, sending yields to new lows.

Spanish benchmark bond returns broke through 9 per cent while UK gilt yields approached 7 per cent and French 10-year returns hovered above 6 per cent, some 4 basis points below their German equivalent.

GOVERNMENT BONDS

It was among high yielding markets that the strength was most surprising. A week ago, Spanish yields were around 9.4 per cent. The 10.3 per cent coupon maturing in June 2002 rose two points yesterday, sending the yield down to 8.89 per cent.

The Italian market was slightly overshadowed by a L3,500bn seven-year CCT auction on Monday which failed to fulfil market forecasts. There are more auctions this week, with offers of three-year, five-year and 10-year paper adding a further L9,500bn of supply.

Nevertheless, yesterday saw 10-year futures traded in London open 1.25 points higher from Friday's close, catching up with mainland Europe's gains after the UK's Monday bank holiday. The September contract traded closed at 114.55, a net gain of 80 basis points.

Portugal, the third member of the so-called olive belt markets, saw 10-year yields fall to 9.5 per cent as Spanish investors bought in the neighbouring market for the advantage of the nominal yields.

■ LONG-DATED UK gilts rose sharply, confounding many economists who argue that the fundamental economic factors that have driven the market are more than discounted.

The ultra-long end of the yield curve was squeezed ¾ points higher as overseas investors sought to buy while domestic institutions remained sceptical of further gains but were unprepared to sell.

■ RENEWED strength in French government bonds provided an opportunity for two sizeable Eurobond issues. Economists said the government and corporate sectors would take advantage of the low cost of borrowing until investors began to suffer from indigestion. Tomorrow, the French Treasury will auction FFr18bn–20bn of tap stocks.

■ BELGIAN bonds retreated from earlier highs as the central bank continued its efforts to shore up the Belgian franc against the D-Mark and left short-term rates unchanged.

■ LOW GROWTH, a low inflation outlook and a buoyant US bond market helped Australian paper to a record close. Ten-year Commonwealth bonds ended 1.5 points firmer.

■ US TREASURY prices were mixed yesterday morning as dealers and investors digested the implications of a stronger than expected revised second-quarter economic growth report.

By midday the benchmark 30-year government bond was up $\frac{3}{32}$ at 102, yielding 6.101 per cent. At the short end of the market, the two-year note was down $\frac{1}{16}$ at 100, to yield 3.859 per cent.

Prices fell across the board in early trading after the Commerce Department revised upward its estimate for second-quarter gross domestic product growth to 1.8 per cent, from an initially reported 1.6 per cent.

The report surprised the market, which had expected the numbers to be revised downward in the wake of the big drop in export sales revealed in the June merchandise trade figures.

News of a rise in the National Association of Purchasing Management's August index of manufacturing activity and in the Conference Board's August consumer confidence index also depressed prices in the morning.

The early declines at the long end did not last long, however, and by mid-morning longer-dated securities were back in positive territory.

One factor in the rebound was the realisation that a big upward revision in the inventories component of the GDP data suggests that third-quarter growth may be slow as companies choose to run down their supply of stocks to meet demand rather than boost production.

FT FIXED INTEREST INDICES

	Aug 31	Aug 27	Aug 26	Aug 25	Aug 24	Year ago	High *	Low *
Govt.Secs (UK)	102.49	102.16	101.45	101.63	101.51	87.03	102.49	93.28
Fixed Interest	124.51	124.03	123.80	123.95	123.97	102.98	124.54	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 124.54 (16/8/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23
Gilt Edged Bargains	91.5	87.8	97.6	93.2	92.5
5-Day average	92.5	92.6	95.4	98.0	100.1

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	120.8006	+1.522	6.64	7.08	6.95
BELGIUM		9.000	03/03	112.9000	+0.410	7.09	7.12	7.06
CANADA *		7.500	12/03	105.2650	+0.360	6.77	6.95	7.12
DENMARK		8.000	05/03	109.5700	+0.120	6.63	6.74	6.72
FRANCE	BTAN	8.000	05/98	109.5491	+0.027	5.61	5.80	5.69
	OAT	8.500	04/03	116.7000	+0.280	6.14	6.34	6.47
GERMANY		6.500	07/03	102.3350	+0.475	6.18	6.32	6.51
ITALY		11.500	03/03	112.8200	+1.225	9.65†	10.01	10.78
JAPAN	No 119	4.800	06/99	105.6808	+0.460	3.62	3.87	3.81
	No 157	4.500	06/03	102.5823	+0.213	4.13	4.26	4.10
NETHERLANDS		7.000	02/03	106.5700	+0.420	6.08	6.19	6.31
SPAIN		10.300	06/02	108.2250	+2.000	8.89	9.24	9.84
UK GILTS		7.250	03/98	103-25	-1/32	6.28	6.35	6.52
		8.000	06/03	108-16	+12/32	6.79	6.98	7.32
		9.000	10/08	118-20	+17/32	7.19	7.37	7.75
US TREASURY *		5.750	08/03	102-02	-2/32	5.48	5.68	5.85
		6.250	08/23	101-27	+9/32	6.11	6.23	6.58
ECU (French Govt)		8.000	04/03	108.8500	+0.480	6.81	6.79	7.30

London closing *New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Flood of issuers tap demand for longer-dated maturities

By Antonia Sharpe

THE INTERNATIONAL bond market was flooded with new issues yesterday as borrowers took advantage of investor demand for longer-dated maturities to raise cheaper, long-term financing.

The French franc sector, where 10-year yields are now below Germany's, caught investors' attention as two public-sector borrowers made a rare appearance.

"The French yield is attractive for borrowers and the currency side is quieter," said one syndicate manager.

RATP, the Paris public transport system, made its debut in the Euromarket, raising FFr2.5bn through an offering of 10-year Eurobonds priced to yield 18 basis points above the 6¾ per cent French government bond due 2003. The pricing was seen to be fair for a triple A-rated borrower.

Region d'Ile de France, the French regional authority, offered a wider yield spread of 22 basis points on its seven-year offering which raised FFr600m.

Although the borrower also has a triple-A rating, the extra yield was designed to make up for the likely lack of liquidity in the bonds. Most of the proceeds from both issues were swapped into floating-rate francs.

INTERNATIONAL BONDS

Yesterday's activity in the French franc sector raised hopes that more borrowers would tap the sector. An official at J. P. Morgan said that good progress had been made on the planned French franc global bond for Crédit Local. The issue, scheduled for October, is expected to have a 10-year maturity and raise up to FFr8bn.

In the D-Mark sector, Depfa, Germany's largest mortgage bank, was able to increase its 10-year offering by DM500m to DM1.5bn due to strong investor demand.

The pricing of the bonds, to yield 24 basis points over the 6¾ per cent bund due 2003, was regarded as decent value for a borrower which is popular with domestic investors. The aim of the deal was to raise Depfa's profile with international investors.

Meanwhile, Belgium is close to launching its well-flagged D-mark Eurobond issue totalling DM600m to DM1bn. Banks have been bidding for the mandate to arrange the deal, with a proposed pricing of 15 to 22 basis points over Bunds for a maturity of more than five years. A spokesman for the borrower said the issue was likely to be launched next week.

Yesterday, the World Bank awarded the mandate for its dollar global bond offering to Lehman Brothers and Nomura Securities. The offering, likely to raise $1.25bn and have a maturity of 10 years, is expected to be launched next week.

Nomura is also preparing a Y30bn five-year Eurobond issue for China, its first international offering since 1987, when it raised DM300m through an issue with the same maturity. China has an indicated investment grade rating of BBB by Standard & Poor's and Baa1 by Moody's.

Elsewhere, British Colombia launched the first issue with a 12-year maturity in the Canadian dollar sector since 1989. It offers investors a yield pick-up of eight basis points over the borrower's 10-year global bond launched in June.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
General Electric Capital Corp.	250	4.25	99.69R	Sep.1996	0.1875R	+10 (4¼%-96)	UBS
D-MARKS							
Depfa Finance	1.5bn	6.375	99.7R	Sep.2003	0.325R	+24 (6¾%-03)	Dresdner/ Morgan Stanley
Deutsche Bau & Bodenbank(a)	200	6.375	101.65	Sep.2003	2.5	-	Trinkaus & Burkhardt
Frankfurter Hypobank‡	100	(b)	100	Oct.2003	0.3	-	Trinkaus & Burkhardt
FRENCH FRANCS							
RATP	2.5bn	6	97.825R	Sep.2003	0.325R	+18 (6¾%-03)	Société Générale
Region D'Ile de France	600	6	99.55R	Sep.2000	0.3R	+22 (8½%-00)	Banque Paribas
CANADIAN DOLLARS							
Province of British Columbia	400	7.25	98.6R	Sep.2005	0.35R	+50 (7½%-03)	ScotiaMcLeod
SWISS FRANCS							
Verbund, Austria	250	4.5	102.6	Oct.2005	-	-	Bank von Ernst & Cie
Rabobank Nederland(c)★φ	150	2.5	100	Oct.2000	-	-	Swiss Bank Corp.
Norddeutsche Landesbank(d)★φ	115	2.25	100	Oct.2000	-	-	Swiss Bank Corp.
Bremer Landesbank(e)★φ	100	2.75	100	Oct.1998	-	-	UBS

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★Private placement. φWith equity warrants. ‡Floating rate note. §Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Convertible on 24/9/97 or 24/9/98 into FRN with coupon of 6-month Libor - 0.05% and 24/9/07 maturity. b) Coupon pays 7.5% fixed annual in first year and 17.75% - 2 x 6-month Libor thereafter. c) Package includes warrants to Royal Dutch Petroleum shares. Fixing: 1/9/93. d) Package includes warrants to Bayer ordinary shares. Fixing: 2/9/93. e) Denom.: SFr50,000 + 65 2-year warrants. 10 warrants entitle holder to 1 CS Holding bearer share at SFr2,950.

Vacancies at CFTC threaten loss of regulatory power

THE DELAY in Washington in naming appointments to the Commodity Futures Trading Commission has led to speculation that the Clinton administration intends to use the agency for political purposes.

The five-member commission is now reduced to just two commissioners. Mrs Wendy Gramm, the Bush administration stalwart who guided the agency through a difficult 1992, left the chairmanship in January along with another commissioner, Mr Fowler West. Last month, Mr William Albrecht, the agency's acting chairman, departed to return to the University of Iowa.

The CFTC, which oversees futures and options trading in the US, and which was recently granted regulatory powers over the $4,000bn derivatives industry, can manage routine business with two commissioners, but is not expected to move forward on any significant decisions until new appointments are made.

One of the more controversial issues before the CFTC is the application by the Chicago Board of Trade and the Chicago Mercantile Exchange for exemptions for professional traders from many of the agency's rules. The CFTC issued similar exemptions to over-the-counter derivatives traders earlier this year.

Born out of the agricultural industry, the CFTC's regulatory duties now focus on increasingly complex banking issues.

Derivatives trading dominates the global foreign exchange and interest rate markets, and also touches on equity business, leading to cross-regulatory commitments with the Federal Reserve, the Securities and Exchange Commission and other regulators.

The CFTC risks losing its momentum in these regulatory co-operations the longer it goes without a chairman, agency personnel say.

The vacant chairs will also weaken the agency's international presence. World derivatives regulators gather in Bergenstock, Switzerland, for their annual meeting early next month. The CFTC, which is generally the most important voice at the meeting, risks not having a chief executive present.

Mr Hal Hanson, chairman of the Futures Industry Association, says the delay in making CFTC appointments demonstrates the agency's low priority on the administration's agenda.

While Mr Clinton has appointed a high-profile executive to the SEC, "the CFTC has not shown brightly on the administration's radar screen," says Mr Hanson.

Many high-level industry people once in the running for the top CFTC post now appear to have dropped out, lending credence to talk of political appointments, says Mr Hanson. The futures industry, usually well-connected in Washington, is in danger of being left out of the due election process.

Mr Glenn English, chairman of the House Committee on Agriculture, voiced the concern of many in the futures industry in a letter to the president dated July 27.

He wrote: "Your administration has the opportunity to name three new CFTC commissioners to fill existing vacancies. I am not writing on behalf of any particular candidate, but rather out of concern that the relatively small size and specialised nature of the Commission will lead your advisers, as in previous administrations, to recommend individuals that do not meet the high standards of experience and demonstrated knowledge that the CFTC must have to function as an efficient regulator.

"I urge you to make sure that your appointments to the CFTC are not only good people but also highly respected and recognised experts in their field," he added.

Members of Mr English's staff said that even if the president names a CFTC chairman soon, the background check and confirmation process could leave the agency without a chief executive at least until early October.

Laurie Morse

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on August 31

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Abbey Natl Treasury 6½ 03	1000	102⅞	103⅛	+¼	6.09
Alberta Province 9¼ 95	800	110	110⅜	-⅛	4.40
Austria 8½ 00	400	118¼	118⅝	+¼	5.42
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Arbed 7½ 95 LFr	600	99¾	100¾		7.63
Genfinance Lux 9⅛ 99 LFr	1000	107¼	110½		7.48
World Bank 8 96 LFr	1000	101⅞	102¾		7.22
[illegible]					

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	2	15
Other Fixed Interest	3	3	9
Commercial, Industrial	333	227	861
Financial & Property	220	119	481
Oil & Gas	12	17	52
Plantations	0	0	8
Mines	56	24	53
Others	41	15	66
Totals	728	407	1,545

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	102	96	Anglian Water Wts	101	+2	-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
10	Nil	27/9	4pm	1pm	Business Technology	4pm	
75	Nil	3/9	20pm	3pm	Cussins Property	20pm	
8	Nil	1/9	3½pm	2½pm	Northumbrian Foods	3pm	
165	Nil	28/9	28pm	18pm	Sedgwick	22pm	-1
10½	Nil	27/9	1½pm	¾pm	Willers	¾pm	
1	Nil	4/10	½pm	¼pm	Wilton	½pm	

pm Price at a premium. † Price offered to public.
For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Aug. 23
- Last Dealings Sept. 10
- Last Declarations Nov. 25
- For settlement Dec. 6

3-month call rate indications are shown in Saturday editions.
Calls: Aminex, Anglo Pacific, Aran Energy, Arlen Elect., INSTEM, Pacer Systems, Rodime, Telemetrix. Puts: Aminex and Babcock.

FT-SE ACTUARIES INDICES

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied-Lyons	600	44	58	64½	7½	19	24½
(*630)	650	15	29	37½	30½	45	49½
[illegible]							

Option		Calls Oct	Calls Dec	Calls Mar	Puts Oct	Puts Dec	Puts Mar
Grand Met	420	47½	55	62	3½	12½	16
(*459)	460	19	30½	38	16	29	33½
Ladbroke	200	10	19	22	12	17½	24
(*202)	220	4	11½	13½	26½	30½	38½
Utd Biscuits	360	36	45	48	7	15	23
(*387)	390	16	29	32½	20½	28½	37½
Fisons	180	12	16	22	9	15	19
(*180)	200	4½	8	14	22½	28	32

Option		Calls			Puts		
Amstrad	30	5	6½	7½	1	2½	3
(*33)	35	1½	3	4½	3	4½	5½
Barclays	460	43	58	65	7½	7	14½
(*499)	500	11	29	39½	10½	22	31
Blue Circle	260	11½	21	28½	4½	18½	21
(*268)	280	2½	12	19	17	28½	32½
British Gas	330	6	14½	22	4½	18	19½
(*331)	360	1	6	10½	30	37½	39
Dixons	220	18	28	34	2½	10	15½
(*232)	240	5½	17	23½	11½	19½	25½

[illegible]

PUTS								
Sep	1	2½	5½	13	29	50	105	156
Oct	7½	11	19	30½	50	77½	112	155
Nov	14	21	32	46½	68½	92½	123	161
Dec	22	31	42½	58	77½	102	131	167
Jan †	84½	-	95½	-	132	-	184	-

August 31 Total Contracts 29,612
Calls 15,056 Puts 14,556
FT-SE Index Calls 5,631 Puts 8,972
Euro FT-SE Calls 880 Puts 141
*Underlying security price. †Long dated expiry mths.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Tue Aug 31	Day's change %	Fri Aug 27	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.86	+0.04	128.81	1.84	7.91
2	5-15 years (23)	156.40	+0.29	155.95	1.70	9.24
3	Over 15 years (9)	176.23	+0.59	175.20	1.34	6.65
4	Irredeemables (6)	205.69	+0.71	204.55	2.57	8.47
5	All stocks (62)	151.74	+0.28	151.31	1.63	8.75
	Index-Linked					
6	Up to 5 years (2)	187.20	+0.07	187.07	0.48	3.41
7	Over 5 years (11)	182.12	+0.23	181.70	0.81	3.42
8	All stocks (13)	181.78	+0.21	181.37	0.77	3.41
9	Debs & Loans (65)	144.58	+0.91	143.28	2.12	7.62

AVERAGE GROSS REDEMPTION YIELDS

			Tue Aug 31	Fri Aug 27	Year ago (approx.)
	British Government				
1	Low	5 years	6.33	6.33	9.15
2	Coupons	15 years	7.00	7.06	9.15
3	(0%-7¾%)	20 years	7.14	7.20	9.15
4	Medium	5 years	6.46	6.48	9.88
5	Coupons	15 years	7.15	7.21	9.43
6	(8%-10¾%)	20 years	7.24	7.30	9.32
7	High	5 years	6.65	6.67	10.12
8	Coupons	15 years	7.38	7.44	9.68
9	(11%-)	20 years	7.49	7.47	9.53
10	Irredeemables(Flat Yield)		7.35	7.40	9.34
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.49	2.51	4.66
12	Inflation rate 5%	Over 5 yrs.	3.24	3.26	4.73
13	Inflation rate 10%	Up to 5 yrs.	1.70	1.71	3.90
14	Inflation rate 10%	Over 5 yrs.	3.06	3.08	4.54
15	Debs &	5 years	7.63	7.69	11.10
16	Loans	15 years	8.08	8.12	10.77
17		25 years	8.19	8.27	10.58

Cookson builds laminates side in Europe

By Paul Taylor

COOKSON GROUP, the specialist industrial materials company, is strengthening its position as a supplier to the printed circuit board industry by making its second related acquisition in a week.

The group, which has been refocusing on four core divisions, and will announce interim results tomorrow, is acquiring the European electronic laminates business of Perstorp, a quoted Swedish company, for over £11m.

Cookson announced plans last week to buy Brent Electronic Chemicals for £24m in cash and assets. BEC is a division of Brent Chemicals International which supplies specialty chemicals, . solders, fluxes and other materials to the PCB industry.

Perstorp is the second largest supplier of electronic laminates in Europe with sales last year of £35m. The acquisition will substantially strengthen the position of Cookson's existing subsidiary, Polyclad Laminates, which is the market leader in the US in high performance multi-layer laminates and has growing sales in the Far East market.

Perstorp produces a similar range of multi-layer materials and mass lamination products used in sophisticated electronics manufacturing, from highly automated plants in Perstorp, Sweden and Nantes, France.

Mr Richard Oster, Cookson's chief executive, said,"this acquisition will give us a significant, well established position in the European market for multi-layer laminates. It will also give us management and technology, all of which will further enhance our position worldwide."

Under the terms of the purchase agreement Cookson will initially acquire 90 per cent of the group's Swedish operations and all of the French operations for £11.1m.

In addition the agreement includes an earn-out arrangement whereby profits in excess of a 20 per cent return on Cookson's investment will be shared on a 50:50 basis over a three year period.

BM to float Austoft arm on Australian SE

By David Blackwell

BM GROUP, the engineering company currently undergoing a programme of disposals and debt reduction, is to float its Austoft Holdings subsidiary on the Australian stock exchange.

The sale will raise A$36m (£16m). Austoft, which makes sugar cane and harvesting machinery, will also waive net loans due from BM of A$11m.

Mr Howard Sutton, BM chief executive, said the group was taking advantage of the improvement in the Australian stock market.

The net effect of the sale would be to reduce net borrowings by about A$30m.

BM has borrowings in excess of £100m and has had its banking facilities extended until next Monday . Earlier this month it announced the sale of BM Plant and Talbot Diesels, its UK distribution businesses, to a management team.

The company said yesterday that discussions were progressing satisfactorily with its bankers on longer term financing arrangements.

The sale of BM's 75 per cent stake in British Building & Engineering Appliances remains on schedule for the autumn, as do plans to dispose of its remaining construction equipment distribution business.

BM paid A$30m for Austoft and Mustang of the US, which it retains, in 1989. Austoft made pre-tax profits of A$7.5m for the year to end-June, when net assets stood at A$32.6m.

Triton Europe losses at £50m

By Deborah Hargreaves

TRITON Europe, the UK arm of the US independent oil and gas company, incurred a loss of £50m for the year to May 31, following a £41m write-down of the value of its oil and gas properties. There was a comparable loss for the previous year of £700,000.

The company has changed the status of reserves held on its books after an annual evaluation. All oil and gas prospects classified previously as "proved, undeveloped", are now cited as "probable", making them less valuable.

Mr David Jones, company secretary, said the change was the result of current economic conditions which made it less likely the oil would be exploited.

It mainly concerns the Paris basin holdings, which have seen £37m knocked off their value since Total, the French oil group which operates the fields, decided it did not want to spend any more money to develop the reserves in the current climate.

Triton has restructured its exploration and production activities over the past year, cutting its staff by 75 per cent from about 60 in January to 15. Restructuring costs reached £990,000 and were included in the total write-down figure.

The company said, however, that its cash position remained strong with a balance of £6m and credit facilities of £30m. After-tax losses reached £34.4m, against profits of £3.9m, for losses of 41.7p per share (earnings of 4.7p).

Mr Jones said Triton was restructuring its exploration programme to go for higher risk-higher reward prospects such as its US parent had found in Colombia where it was involved with British Petroleum in the Cusiana development, which was believed to contain more than 1bn barrels of oil.

The company said its move to exploration in Italy should provide a solid base for further expansion. It drilled its first well this year in the southern Apennines.

Future growth is virtually certain

Gary Mead reports on the plans of W Industries, developer of virtual reality systems

STRAP ON three kilos of headgear in a few upmarket amusement arcades and you can experience a crude form of virtual reality, an electronic simulation of events.

But the race is on among a handful of companies around the world to develop the next generation of equipment. This will not only be much smaller and lighter but offer a big step up from a two-dimensional screen into "immersive virtual reality" through which users will be able to participate in the electronic world.

Bringing these sophisticated toys to consumers – particularly for use at home – will create a large new sector in the global electronic games market.

Some US virtual reality analysts estimate that the VR market as a whole will be worth $500m (£340m) within four years.

To help fund such expensive development, W Industries, a small UK company with a leading technological edge in virtual reality, is planning to announce today its intention to float on the London Stock Exchange later this year and to change its name to Virtuality Group. Analysts believe the flotation could raise £10m.

W Industries was founded by Mr Jonathan Waldern in 1988, following his academic research in advanced computing programmes. By 1990 his company had developed the world's first fully integrated virtual reality system.

Backed by Apax Partners, the venture capital company, its revenues have moved from £102,000 in 1990 to £5.24m at the end of 1992. It has now sold more than 360 of its virtual reality systems in 19 different countries and is currently selling 20 units, at a retail price of between £22,000 and £32,000 (plus VAT), each month.

Apax currently has about 67 per cent of the shares and the management 33 per cent fully diluted, Apax having acquired its holding from Wembley Leisure. Mr Waldern holds about 15 per cent of the company.

Mr David Payne, W Industries' chairman, says: "Apax provided stable, committed shareholding. Even at this stage Apax are not exiting, they are staying in."

Apax has so far seen no return because W Industries has not yet paid any dividend. "We don't plan to pay dividends in the short term because we want to preserve our profits and inject them back into the business," says Mr Payne.

The purpose of the float, according to Mr Payne, "is that we have an enormous amount of intellectual property in the business. We believe that virtual reality has a very explosive future ahead of it and we can't continue to develop and package our intellectual property either fast enough or in such a way that it is marketable out of the cash we are currently generating.

Ashley Ashwood

Jon Waldern: units sell at between £22,000 and £32,000 each

"If we go in fast and do the right deals now with the big electronics firms who recognise that we have some of the core intellectual property, there is a chance that we may achieve the holy grail, which is to get some of what we do accepted as the industry standard."

W Industries has made a start in that direction. In July Sega Enterprises of Japan, the world leader in coin-operated arcade entertainment, agreed to use W Industries' operating system for its first immersive virtual reality product.

The contract with Sega should be worth £3.5m to W Industries for the first two years and £1.3m a year thereafter in licensing fees. Sega bucked the trend for Japanese electronics companies this year, returning pre-tax profits of £342m, up 64 per cent on the previous year. The electronic arcade business is reckoned to be growing at 18 per cent annually and is currently worth some £6bn a year worldwide.

Mr Waldern, W Industries' managing director, has a vision which he believes will keep his company a global leader in this young but dynamic market.

He wants the world of electronics games to move away from being something solely for young boys, seen as a rather anti-social activity, into a family-based entertainment, where parents and children interact in playing the games.

He believes that interactive immersive virtual reality, as a leisure vehicle, has so far just skimmed the surface of what is possible.

Future growth will lie partly in technological innovation and partly in intelligent marketing. If the technology supporting the current, relatively crude graphics, with large cumbersome machines fixed in arcades, can be adapted and transformed into a lightweight game easily installed in the front parlour, and with graphical capacities far advanced from today's possibilities, then W Industries could be on to a winner.

"Anybody can do this stuff on an expensive machine. But to be really successful, it's got to be cheap."

Starmin seeks reappointment

By Catherine Milton

STARMIN, the quarry products company chaired by Lord Parkinson, the former Conservative Party minister, will seek shareholders' permission to reappoint a director who resigned as an executive a month before it emerged that pre-tax losses had been understated by millions of pounds.

The company's 1992 report and accounts includes a resolution to be put to the annual meeting for the reappointment of Mr Raschid Abdullah, now a non-executive director who, with his brother Osman, relinquished executive responsibilities in July when a review of the company's accounting policies was announced. The two, who earlier built up the Evered aggregates company, had run Starmin since 1989.

Under the company's articles, Mr Raschid Abdullah must secure the approval of the company's AGM on September 21, to remain a non-executive director.

The review, completed in August, showed that instead of pre-tax losses of £8.06m, losses totalled £11.9m in 1992. Turnover should have been reported as £18.7m rather than £20.1m and losses per share 3.6p instead of 2.5p. A separate revaluation led to a write-down of tangible fixed assets of £4.75m. The company rescinded a proposed final dividend of 0.2p. The discrepancies hinged on profits booked on disposals which were later reversed.

The report and accounts show that Lord Parkinson was paid £30,000 for his duties as a non-executive director in the year to December 31. He became chairman in June. In his statement Lord Parkinson apologises to shareholders for the delay in the publication of the accounts and expresses hope that the company can "look to the future".

Severfield-Reeve swings back into the black

By Catherine Milton

A BETTER balance between demand and supply for structural steel helped Severfield-Reeve report a turnround from pre-tax losses of £398,000 to profits of £210,000 for the six months to June 30 and to pay its first dividend in two years.

Earnings per share were 1.22p (losses of 2.65p) and the interim dividend is 0.25p. On current trading, directors believe they will recommend a final dividend.

Mr John Reeve, chairman of the USM-quoted steel group, warned trading conditions remained tough, but added: "Over the last two or three years, we have seen upwards of 150 companies ceasing trading or going into receivership in our sector. We are seeing far more of a balance between supply and demand which reduces pressure on margins."

He said demand had increased slightly on last year's 800,000 tonnes, compared with 1.4m tonnes in 1989.

Turnover improved to £9.32m (£8.66m), mainly reflecting a price increase from £630 to £700 per tonne of steel, in turn largely a function of price increases by British Steel. The company said there were some volume gains.

Gearing fell to 43 per cent (55 per cent) and has halved since the December year end. The fall followed a £1.55m spring rights issue which diluted directors' holdings from 70 per cent to 46 per cent. The company generated cash of about £200,000.

Net interest charges increased to £225,000 (£173,000) reflecting higher overdraft rates.

The company has orders worth £5.5m (£4m) with further tenders outstanding. It plans to export to the Far East and the Middle East.

Within the last two weeks it secured the contract for a headquarters building for Scotland's Daily Record newspaper, worth £1.8m.

In August, the company spent £400,000 on "nearly new" computer numeric controlled plant at an estimated 25 per cent of market prices.

Short Bros lifts operating profit despite sales fall

By Our Belfast Correspondent

SHORT BROTHERS, the Belfast-based aircraft and missiles manufacturer, yesterday reported a £5m rise in operating profits to over £21m for the year ending January 31.

However, general recession in the aerospace industry took its toll on sales which fell by £11m to just over £381m.

Short, Norther Ireland's largest private employer, was bought by Bombadier, the Canadian transport group, in October 1989.

A £200m equipment and plant modernisation programme is under way, with £134m spent to date.

Mr Laurent Beaudoin, chairman, said the business environment in both aerospace and defence was likely to "remain difficult" for at least the next 12 months.

He added: "A programme of cutbacks by Short's major customers and reductions in defence budgets have left us with no option but to reduce the Short's workforce significantly.

Job numbers fell from 9,892 to 8,797 at January 31 and so far this year there have been a further 645 redundancies.

Closure costs leave Ferry Pickering £3.9m in loss

CLOSURE costs of its loss-making Scottish operations left Ferry Pickering, the Leicestershire-based printing and packaging group, with pre-tax losses of £3.86m for the half year to June 30.

Profits last time were £95,000.

Turnover fell to £12m (£13m) with continuing activities static at £10.3m.

Operating profits on continuing operations amounted to £643,000 (£445,000).

Exceptional closure costs were £2.6m, with an additional £1.39m for goodwill previously written off.

Directors said the Dutch printing operation had performed satisfactorily but fierce competition in the Netherlands had resulted in a reduced contribution to profits.

The second half had begun with strong activity at the main operating plant at Hinckley, they added.

Losses per share came through at 25.76p (0.6p earnings) but as expected, the interim dividend is maintained at 2.1p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Admiral	Int	2	Oct 11	1.7	-	5.4
Astec (BSR)	Int	0.25	Nov 2	nil	-	nil
Ferry Pickering	Int	2.1	Oct 8	2.1	-	7.5‡
HSBC	Int	7	Nov 26	4.8	-	19
Macfarlane	Int	1.44	Oct 12	1.253*	-	3.187*
Multitrust	fin	1.2	Oct 7	1	2.7	2.5
Severfield-Reeve	Int	0.25§	Oct 29	nil	-	nil
Throgmorton 1000	fin	2.5	Oct 21	-	2.5	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. §USM stock. ‡For 16 months.

Strong performance prompts resumption of dividend payments

Astec (BSR) doubles to £4.33m

By Paul Taylor

ASTEC (BSR), the Hong Kong-based and London-listed electronics company which is 48.9 per cent owned by Emerson Electric of the US, is resuming dividend payments for the first time in three years following a doubling of pre-tax profits and earnings per share in the first half.

Pre-tax profits for the six months to June 27 jumped from £2.17m to £4.33m, boosted, said Mr Brian Christopher, chairman, by higher sales, a profits turnround in the slimmed-down electronic components division and lower interest payments.

Sales increased by 9.6 per cent to £136.4m (£124.4m). On a comparable basis, adjusting for exchange rate differences and operations sold or closed in 1992, sales grew by 6.3 per cent.

The group, which has achieved a steady improvement in performance over the past 18 months, reported increased earnings per share of 1.2p (0.6p).

It is paying an interim dividend of 0.25p, the first distribution since a 0.7p interim in 1990.

Brian Christopher: turnround in electronic components division

Mr George Tamke, chief executive, said the results reflected the company's strong underlying financial performance, including growing market share and improving operating margins.

Sales in the core power conversion business increased by almost 30 per cent to £108m (£83.1m). However, after adjusting for the impact of exchange rates the increase was a more modest 8.6 per cent.

Operating profits in the division increased to £3.9m (£3.6m) but margins fell to 3.6 per cent (4.2 per cent) reflecting the non-recurring start-up costs of a new modular production line and the group's second plant in China.

Excluding these start-up costs, Mr Tamke said operating margins grew by a percentage point.

Electronic components sales declined to £28.4m (£41.3m) reflecting the reorganisation of the operations which now solely comprise Beckman Industrial. However, the components business reported an operating profit of £712,000, or 2.5 per cent of sales, compared with a loss of £354,000, and is now expected to resume growth.

The group generated a positive cash flow of £13.1m in the first half which enabled it to eliminate borrowings and end the period with £300,000 net cash.

As a result of this and lower interest rates net interest payable fell from £977,000 to £240,000.

Owen & Robinson cuts losses to £1.66m

By Nigel Clark

OWEN & Robinson, the Basildon-based jewellery and sports footwear retailer, cut interim pre-tax losses from £2.44m to £1.66m. The company credited an increase in gross margins and a reduction in shop costs and central overheads.

The company also announced the departure of Mr Mike Smith, finance director, "to pursue other career opportunities".

Turnover in the six months to July 31 for the company, which underwent a capital reconstruction during the period, fell 20 per cent to £8.21m (£10.2m).

Mr Neil Thomas, chairman, said in line with other retailers in the sector sales volumes had been disappointing. However, taking into account shop closures, the fall was 14 per cent.

The Gold Centre jewellery side was trading in line with budget following cost cuts and increased margins. The Foothold sports shoe retailer recorded a small trading profit.

On prospects Mr Thomas said that although signs of economic recovery were random and inconsistent, Foothold had recently shown a significant improvement in sales.

The pre-tax result was helped by lower interest charges of £246,000 (£405,000) and the lack of exceptional costs against £300,000.

Losses per share fell from 31.08p to 13.94p taking into account shares issued for the placing and open offer and the conversion of bank debt and loan notes.

The conversion of A preference shares and convertible preference shares was deemed to have applied throughout the period. The comparative figure was adjusted for the preference conversion and the 1-for-20 consolidation of ordinary shares.

All-round growth helps Macfarlane rise 18%

By John Murrell

WITH EACH of its three divisions contributing improved results Macfarlane Group (Clansman) was able to lift profits from £4.55m to £5.35m pre-tax for the six months to June 30.

The 18 per cent advance came on the back of a £4m rise in turnover from continuing operations to £46.3m.

The Glasgow-based group's activities take in packaging, plastic moulding and development.

Earnings emerged at 4.74p (4.04p) per share and the interim dividend is lifted from an adjusted 1.253p to 1.44p.

Lord Macfarlane of Bearsden, chairman, said yesterday that there were now "a few signs of growth in the economy". He was confident that trading conditions would improve by the end of this year.

He added that this should lead to substantial investment opportunities.

In order to insure that the group was placed to take advantage of opportunities Mr Gordon Lane, previously managing director of Abbotts Packaging, has been appointed group development director.

His responsibility will cover acquisition strategy and new products.

Lord Macfarlane said the improved results in part reflected "prudent financial housekeeping and strict control over costs". Almost all the companies in the group improved their performance.

Benefits of the cost-cutting programme undertaken in 1991 helped the group boost pre-tax profits for the 1992 year by 48 per cent to a record £10.1m.

A significant number of jobs were cut and a squeeze put on stocks and debtors.

The shares added 2p yesterday to 216p.

Admiral advances 11% on market penetration boost

By David Blackwell

ADMIRAL, the Surrey-based computing services company, boosted pre-tax profits by 11 per cent to £2.18m for the first half on the back of an improvement throughout its businesses.

The shares responded via a 10p rise to 470p.

Mr Clay Brendish, chairman, described the result for the six months to June 30 as "highly satisfactory".

He noted, in particular, increased market penetration of client server technology – through which the company enhances the efficiency of computer networks by utilising the power of personal computers and relegating the mainframe to a database.

Admiral was benefiting from related product sales and the resulting software development, training and consultancy work.

Mr Brendish added that since the company was listed on the Stock Exchange in 1987, 80 per cent of its customers had returned to do further business.

Mr Ceri James, managing director, said the first half had seen a significant advance in all its market sectors. He was particularly pleased with the growth in industrial and commercial business, which now accounted for more than 25 per cent of turnover. Defence accounts for 30 per cent and the financial sector for 33 per cent.

Admiral has six autonomous operating companies – four in the UK, one in Australia and one in Singapore. The four UK companies provide information technology consultancy, systems development, training and software products. The group has carried out development work for the Switch debit card and for the Tracker system of identifying and recovering stolen cars.

Turnover increased by almost 30 per cent to £17.7m (£13.6m) and operating profits by 20 per cent to £2.06m. Net interest receivable fell from £249,000 to £129,000.

Mr James said group turnover had risen on higher product sales and the larger number of staff. At the end of the half year the company employed 660 people, compared with 602 at the end of last year and 509 at the end of 1991.

The Australian company was "doing well but not as well as expected."

Earnings per share rose to 13.3p (11.6p) and the interim dividend is lifted from 1.7p to 2p.

Seasonal deficit at Rhino increases to £263,000

By Garry Rimmer

IN LINE with directors' expectations, Rhino Group, the USM-quoted novelty products and giftware merchandising and distribution company, showed pre-tax losses of £263,000 for the six months to June 30, compared with £150,000.

The Future Zone Stores and Downpace subsidiaries are highly seasonal and the directors explained that the second six months "should benefit substantially from Christmas trading".

The group also announced an £850,000 placing of 2.5m new shares by Panmure Gordon. Proceeds will be used to bring forward the Future Zone opening programme enabling the group to have more than 40 stores open for the Christmas season.

First half turnover expanded from £1.26m to £3.6m and operating losses came to £326,000 against £131,000. Interest receivable was £63,000 (£19,000 payable).

Losses per share were 0.52p (0.97p). The group said it was planning a capital reconstruction in order to eliminate losses and allow dividends to be paid in due course.

Future Zone, which started the year with five stores, now has 26 trading, and Rhino has entered into a conditional agreement for Future to acquire six leasehold stores in prime locations. Consideration is £100,000 cash for one of the properties while the agreement includes rent-free periods for each of the others.

Downpace, the distributor of licensed merchandise, was trading well with turnover up 29 per cent.

Directors said that Downpace had the UK distribution licence for certain items of Jurassic Park merchandise, which was making a "positive impact in the second half".

Lofs shows improvement to $1.16m for first quarter

London & Overseas Freighters, the Bermuda-based shipping group whose ultimate holding company is Iroquois Shipping Corporation of Liberia, reported pre-tax profits of $1.16m (£780,000) for the three months ended June 30 1993.

The result marked an improvement on the $1m for the six months to September 30 and reflected increased freight rates on the London Spirit and London Victory.

In the six month period the London Spirit was being overhauled and was unavailable for hire.

Operating costs were reduced following the acquisition of the London Enterprise.

Directors said that on July 15 the newly-built tanker, London Pride, was delivered and began trading under the five-year charter to Chevron.

The benefits would show through in future results, they said, but would be tempered by the loans to finance her.

Freight and hire revenue totalled $4.36m ($5.8m for six months).

Earnings per share came through at 3.3p (4.4p) basic and 3.1p (4p) fully diluted.

Pre-tax profits for the year to March 1993 were $1.86m.

Fraser extends Gibbons offer

Mr Paul Fraser has received acceptances in respect of his offer for Stanley Gibbons Holdings, the stamp dealer, of 458,200 shares, or 3.51 per cent of the issued share capital.

He now holds or has acceptances totalling 6.27m shares, representing 48 per cent of the issued capital. The offer has been extended until September 13.

Reduced interest charges behind Bellwinch turnround

A £427,000 cut in interest charges to £168,000 enabled Bellwinch, the Wembley-based builder, to edge back into the black at the pre-tax level for the year to end-June, writes John Murrell.

Profits worked through at £28,000 and compared with a deficit of £98,000.

The outcome also took account of an exceptional debit of £133,000 relating to costs of the recent placing and open offer.

Turnover fell from £23m to £15.7m – the comparative figure included land sales. Earnings per share were unchanged at 0.2p.

Since the early part of 1993 directors noted a "marked improvement" in the number of both site visitors and net reservations.

They pointed out, however, that the recovery in the market had "visibly slowed in recent weeks, with purchaser confidence being eroded by speculation on personal taxation and other economic issues".

Nonetheless, they said there was a "continuing demand" for new homes and provided there was stability in interest rates and "clearly defined economic policies" they looked for improvements in both the level of output and margins over the next year or so.

It was pointed out that without the benefits of the funds from the placing and open offer, effected in June, borrowings would have been £900,000, representing gearing of 23 per cent.

The inflow from the issue of new shares, which will be used to replenish land stocks and support growth plans, raised the company's net asset base to £10.5m and created a cash at bank position of £5.7m at June 30.

NEWS DIGEST

Stakis in £10.5m casinos buy

STAKIS, the hotels and casinos group, has acquired three casinos from the privately-owned Rubicon Group for £10.5m.

The casinos are in Northampton, Wolverhampton and Coventry, and bring the company's casino portfolio to 21.

Stakis has paid £7m cash and issued loan notes worth £3.5m at 0.75 per cent above Libor repayable in 2003.

Under the deal, Stakis has acquired all the share capital of Victoria Casinos, the holding company, debt-free for £6.8m. Victoria will repay third party and inter-company debt of £3.7m.

Stakis currently operates two casinos in London and 18 in the provinces, where it said the gambling business is more consistent and less volatile than in London.

London Finance net assets increase

Net asset value per share of London Finance & Investment Group, the investment finance and management concern, expanded to 31.93p as at June 30, compared with 19.77p a year earlier and 20p at December 31 1992.

After tax of £40,000 against £58,000, available profit amounted to £79,000 for the six months to end-June, compared with losses of £98,000.

Earnings per share were 0.32p (0.4p losses).

As at August 28 the market value of fixed and current asset listed investments was £7.97m.

Throgmorton 1000 net assets ahead

Throgmorton 1000 Smallest Companies Trust, which came to the market in July last year, reported a net asset value of 118.4p per share at the end of June.

Assuming exercise of warrants the figure was 115.3p.

Directors said the undiluted net asset value had improved to 119.3p by July 31.

Attributable revenue for the 64 weeks amounted to £1.06m, equivalent to earnings of 3.29p per share.

A dividend of 2.5p is recommended.

Community Hospitals buys

Community Hospitals has contracted to acquire a further two nursing home developments comprising 115 beds.

In January the healthcare group reported the acquisition of three purpose-built homes consisting of 140 beds in Derbyshire and Leicestershire for £4.63m plus deferred consideration of £210,000.

As indicated at that time, Community has now reached agreement to acquire for £3.8m sites at Little Aston, Birmingham, and Leicester Forest East.

The two homes are due to open next year.

Robinson Brothers advances strongly

Robinson Brothers (Ryders Green), the unquoted West Bromwich-based chemicals group, reported a strong advance in pre-tax profits for the first half of 1993.

On turnover ahead 8 per cent at £14m, against £12.9m, profits rose from £736,000 to £1.9m. However, the company warned that trading conditions in the second half were weaker.

Earnings per £1 share came out at 74p (25p).

German purchase for Filofax

Filofax Group, the USM-quoted personal organiser company, has completed the DM2m (£800,000) acquisition of the Filofax distribution business of Waltraud Bethge, its former German distributor.

In 1992 the business achieved pre-tax profits of DM640,000 on sales of DM2.4m.

NEWS IN BRIEF

BARDON GROUP has received acceptances totalling 172m new ordinary shares (90.96 per cent) of its recent rights issue.

BRITTON GROUP has received acceptances in respect of 129m new ordinary shares, representing 97.72 per cent of the total number offered. Subscribers have been procured for the remaining shares at a premium and the proceeds will be distributed to qualifying shareholders.

GREENACRE GROUP has bought the assets and business of Clare Hall Nursing Home in Ston Easton, Bath, for £2.12m cash. Clare Hall is registered for 65 elderly, general medical patients, and for the year ended March 31 1993 turned in profits of £402,000 before both interest and tax. Greenacre now has 12 homes and 575 beds under operation or development.

HEADLAM GROUP has received acceptances in respect of 4.51m (96.8 per cent) of its rights issue. The balance has been placed in the market at a premium.

IN SHOPS, Birmingham-based property group, has received acceptances in respect of 7.69m shares or 85.7 per cent of the total amount subject to the open offer. Of the total under the offer 3.91m shares, representing the entitlement of the directors and DW Newman, were were placed firm with institutions with the remaining 8.98m placed subject to recall.

OCEONICS GROUP: some 1.08m convertible preference shares were applied for under the open offer which closed yesterday, representing 23.4 per cent. Therefore, the total take-up of shares was 4.4m (95 per cent).

PIFCO HOLDINGS, electrical appliance group, is to sub-divide each 20p ordinary and 'A' ordinary share into two shares of 10p each. This will be put to shareholders at the annual general meeting on September 21.

PIZZAEXPRESS has paid £540,000 for an existing PizzaExpress restaurant which had previously traded as a franchised outlet. Management accounts for the restaurant, located at Richmond, indicate sales of £600,000 and operating profits of £150,000 for the year to end-July 1993.

MONTHLY AVERAGES OF STOCK INDICES

	August	July	June	May
FT-SE Actuaries Indices				
100 Index	3019.3	2850.7	2874.7	2830.1
Mid 250	3441.3	3228.5	3206.9	3147.1
350 Share	1513.5	1426.9	1434.0	1410.7
Industrial Group	1518.58	1430.61	1445.43	1431.20
500 Share	1614.52	1521.62	1539.22	1522.69
Financial Group	1130.74	1074.45	1046.84	1002.84
All-Share	1498.55	1413.38	1419.94	1397.10
Eurotrack 100	1284.68	1226.39	1183.38	1152.61
Eurotrack 200	1365.85	1280.39	1237.69	1214.80
FT Indices				
Government Securities	101.35	98.10	95.90	94.84
Fixed Interest	122.70	116.75	112.70	111.13
Ordinary	2371.0	2242.4	2249.2	2207.0
Gold Mines	205.5	225.2	186.1	171.4
SEAQ Bargains(5.00pm)	35,713	28,485	28,484	28,856

	Highest Close Aug	Lowest Close Aug
FT-SE 100	3100.6 (27th)	2941.3 (4th)
FT-SE Mid 250	3513.3 (27th)	3335.3 (2nd)
FT-SE 350	1552.2 (27th)	1472.8 (2nd)
FT-A All Share	1537.57 (27th)	1457.25 (2nd)
Ordinary	2414.2 (31st)	2329.0 (2nd)

Nigeria maintains oil output as strike starts

By Paul Adams in Lagos

NIGERIA maintained oil production near its normal Organisation of Petroleum Exporting Countries quota of 1.8m barrels a day yesterday, the official start of the strike by the national oil workers' union, Nupeng. The strike is part of a move by the Nigerian Labour Congress to force the interim government to concede the outcome of the June presidential election.

Although the oil workers' strike has left oil production intact it has reduced exploration activity and almost halted the marketing and distribution of fuel in the south-west of Nigeria, which accounts for 50 per cent of demand.

The multinational oil producers have local agreements with the oil workers' unions that in case of a national strike they will maintain essential services, which include the production of crude oil. The oil majors report that their contingency plans have enabled them to maintain normal output.

According to industry officials, increased security at the oil fields from last week and the risk of workers losing pay whilst on strike have also contributed to maintenance of production. Shell, which produces about half of Nigeria's production, continued to operate its Bonny terminal at the weekend, although the absence of experienced crew forced it to stop night loading.

Onne port and Port Harcourt in the east and the two big ports in Lagos have been closed since Saturday and pilots are refusing to allow ships in or out.

The downstream sector of the oil industry is more vulnerable to disruption and was already in poor condition before the strike began. The state-owned energy company, which has a monopoly on oil refining, importing and depots, has been unable to keep up an adequate supply of domestic refined products throughout Nigeria for several months. Reserves in Lagos and the south-west were already low by the weekend, when early strike action and confusion over the new grade of more expensive petrol had almost halted the supply. Deliveries of fuel have continued in the north and east of Nigeria.

Nupeng is demanding the cancellation of the petrol price rise introduced through a new grade of petrol last week by President Ibrahim Babangida's outgoing regime. The new grade costs around ten times more than the ordinary grade and is the first step in the phasing out of Nigeria's domestic fuel price subsidy.

Indian tea production bounces back

By Kunal Bose in Calcutta

IN THE first six months of this year the Indian tea crop was up 26m kg to 263.11m kg.

Except for Cachar in Assam, where production in the first half declined by 1.36m kg to 13.16m kg, all the other tea growing centres in the north and the south registered higher output. At 121.74m kg, total Assam production was up nearly 5m kg, while West Bengal's output of 54.77m kg showed a remarkable improvement of 10.34m kg. Darjeeling, which grows some of the finest teas, recorded a production rise of 761,000 kg to 4.21m kg. Last year Darjeeling production fell by 24.4 per cent to 9.9m kg.

South India, which suffered a production setback of 26.5m kg last year because of a prolonged drought bounced, back in the first half of 1993 with a rise of 10.57m kg to 85.33m kg. The Tamil Nadu crop of 52.17m kg was up 5.16m kg. Kerala registered a crop rise of 5.21m kg at 31.07m kg, while at 2.09m kg, Karnataka's output was 201,000 kg ahead of the corresponding period last year.

The monthly Indian tea crop, however, suffered a setback of about 4m kg in June to 81.29m.

Industry officials expect the country's tea planters to grow about 740m kg of tea in 1993, up from 703.9m kg last year. In 1991 production amounted to 741.7m kg.

It now appears that the export target of 210m kg for 1993 can be achieved. Up to June export licences for 95m kg had been issued and the country has been particularly successful in stepping up tea exports to the UK.

The industry is happy that in spite of the rise in production, prices at the auction centres are much higher than last year's. At the Calcutta auction, the average price realised for CTC (cut, tear and curl) tea to the middle of August was Rs52.77 (£1.11) a kilogram, compared with Rs41.46 over the same period last year.

Caribbean banana exporters seek clarification of EC regime

By Canute James in Kingston

BANANA EXPORTERS in the Caribbean have asked the region's governments to seek clarification from the European Community on several aspects of the new banana import arrangement which took effect last month.

The exporters say there are many areas of the new arrangement which are causing them concern, and that they need to be assured that their industries are fully protected from factors such as natural disasters and price fluctuations.

The EC's new banana import regime imposes a 2m tonnes-a-year quota on Latin American fruit. Imports within the quota will attract a duty of Ecu100 (£76) a tonne while those above that level will incur a duty of Ecu850 a tonne. The community's traditional suppliers in the African, Caribbean and Pacific group have access for the remainder of the EC's needs of about 1.5m tonnes per year. This fruit will pay no tariff.

The Caribbean Banana Exporters Association has asked the region's governments to determine from the EC the factors allowing an increase in their quotas. "The EC has allowed for quotas for the Latin American countries to increase as demand increases, but they have not, to date, allowed for our quotas to be increased," said Mr Marshall Hall, the association's outgoing president.

The exporters are also seeking a review of the distribution of national quotas. "We are concerned that as far as the quotas which have been allocated to each of the Caribbean countries is concerned, there is no opportunity for a downturn in one country to be picked up by another country," Mr Hall said. The EC is to be asked to treat the Caribbean countries as a cumulative quota-holder to allow shortfall in production in one country to be filled by another with surplus fruit.

The association, which is made up of exporters from Belize, Dominica, Jamaica, St Lucia, Suriname and St Vincent, is also concerned about promised support for prices. They are contending that they will not be protected in the event that they cannot cover their production costs if prices for the fruit fall significantly.

"Although the community has talked about price support we have not been told how this will work," Mr Hall said. Industry officials said that in the event of a fall in price or a natural disaster such as a hurricane, they could not depend on the community's Stabilisation of Export Earnings (Stabex) facility which was "under pressure and does not have much money now."

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,565-1,610 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.30-2.50 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.45-0.50.

COBALT: MB free market, 99.8 per cent, $ per lb, in warehouse, 12.00-12.50 (11.90-12.50); 99.3 per cent, $ per lb, in warehouse, 11.00-11.50 (10.90-11.40).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 100-115 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.35-2.45 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.55-5.30.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 20-33 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.30-1.40 (same).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 6.90 (same).

Britain's waterlogged bread basket

Unsettled weather is delaying harvesting and eroding grain quality

FARMER'S VIEWPOINT

By David Richardson

BRITAIN'S bread basket has been a little moist recently. I am told that some southern and western areas have been relatively fortunate, but East Anglia, where I farm, has had a succession of weather fronts passing over it and most have brought showers or longer periods of rain.

It makes for a frustrating harvest, made the more so when radio weather forecasters, who should know better, say things like, "The farmers will be able to get on with their harvest today", after a night during which half an inch of rain has fallen. Do they not realise that it takes many hours of sunshine to dry standing grain after such a downpour? In several cases during the last few weeks crops have been almost dry enough to begin harvesting when it has rained again.

The fact is you cannot drive a combine harvester through wet crops. If you tried the internal works would become hopelessly clogged; besides which grain must contain no more than 14.5 per cent of moisture if it is to qualify for European Community intervention buying and/or avoid being dried expensively on the farm or by the purchasing merchant. Many farm grain driers are capable of removing up to 5 per cent of moisture but immediately after half an inch of rain kernels contain 25 per cent to 30 per cent of water and, except under exceptional circumstances, drying such grain is impractical and uneconomic.

The crop most farmers in the arable east are attempting to harvest and dry at present is winter-sown wheat. Most barley harvesting, both winter- and spring-sown, has been completed except in the north and in Scotland.

Winter wheat is generally recognised as the highest yielding cereal grown in the UK as well as being the most profitable. Predictably, therefore, the UK grows and harvests two and a half times as much wheat as it does barley.

In 1992 the Ministry of Agriculture estimated that the national wheat crop amounted to some 15.7m tonnes while the barley crop totalled only 6m tonnes. Oats, rye and triticale added another 600,000 tonnes between them to bring the entire harvest up to a little over 22m tonnes.

Domestic demand for home-grown grain for both human and animal consumption is about 16m tonnes leaving 6m tonnes for export. In recent years the quality and price of UK samples have been such that markets have been found for most of this tonnage – mostly in other EC countries, although significant quantities went elsewhere. Very little has languished in intervention stores.

This year, however, quality is being eroded by unsettled weather and UK prices are less attractive to overseas buyers because of the strengthening pound and the relative weakness of the French franc. The French, needless to say, have a much bigger exportable surplus than the British and they are cashing in on the currency differences.

And the longer the weather stays catchy the greater will be the French advantage. Cereal harvesting in France is virtually over and although northern France has experienced the same kind of weather as the UK and this has caused some deterioration in the quality of late-harvested wheat, this was nothing compared to the damage since done to British crops.

Milling quality, in particular, is being washed away by the rain.

Quality is assessed by a series of complex tests and it is only by reference to the results of these that merchants will bid for a sample.

The three most commonly used criteria in the UK are for individual grain weight and size, for protein content, which needs to be above 11 per cent for best bread-making potential, and for the quality of the dough produced. The best possible test would be to bake a loaf with the wheat in question but this is too time-consuming for practicality, so other quicker methods have been devised.

For dough quality most British millers rely on the Hagberg Falling Number Test. It involves grinding a measured sample of wheat into meal, mixing it with a predetermined amount of water in a test tube, heating the solution for 60 seconds and mixing the result to a kind of dough. A weighted plunger is then introduced into the top of the test tube and allowed to sink by its own weight. The number of seconds the plunger takes to reach the bottom of the tube is the Hagberg reading for that sample. The higher the number the better the wheat for baking bread.

Other tests are used in other EC countries and this can cause complications for grain intended for export. The Chopin Alveograph Test, for instance, requires dough to be mixed and then blown up and burst like bubble gum, in order to test its elasticity. Another is called the Zeleny Test and yet another the SDS.

All are variations on the theme of checking the strength of the gluten in the grain, which is consistently related to its bread-making potential. And gluten is strongest in crops that have suffered least rainfall when they are ripe.

This year protein levels in the UK have been generally low at around 10.2 per cent. Hagberg readings have been variable and any sample with a number in excess of 200 combined with 10.5 per cent protein is likely to be worth a premium over the feed wheat price of around £100 of £25 to £28.

Last year both protein and Hagberg readings were much higher as were ex-farm prices.

This year the wet harvest has reduced quality and the fall in the value of the French franc has cut export possibilities. So, what is to happen to wheat surplus to UK requirements? For in spite of this being the first year of set-aside there will still be a surplus – some traders say almost as big as in 1992.

Very little, I am assured, is likely to go into intervention stores when the EC buying-in scheme opens in November. Or if it does it will not stay there long. For the EC has introduced a new scheme of export restitution payments to help finance exports to third countries and pay transport costs. This, the trade believes, will ensure that vast tonnages of wheat do not lie idle while those who desperately need it remain hungry. But it is inevitable that UK farmers will be forced to take lower prices than they had hoped.

I am writing this on the morning of August Bank Holiday Monday. After yet another night of light drizzling rain the sun has come out. In a few hours' time we shall try again to harvest some wheat. We already know it will be too moist to sell and will need to be dried like most of the grain we have gathered this year. We still have several days of harvesting ahead of us and feel we cannot afford to wait for the ideal conditions, which are so elusive.

Bank workers and other office wallahs may be sunning themselves on a beach. But we farmers and our workers will be hard at it. Who was it who said it was the relaxed way of life that made us do it?

Disgruntled Colombian coffee growers get sweetener

By Sarita Kendall in Bogota

COLOMBIA'S decision to raise the domestic coffee price paid to growers by 14.3 per cent is ostensibly a sign of confidence that firmer international prices are going to last. But the increase, which was agreed rather suddenly last Thursday, also seems to be a government gambit to mollify growers after the appointment of a special commission to study policy changes had antagonised much of the powerful coffee sector.

Although the price rise satisfied the coffee federation, Federacafe, central bank officials are unhappy about its effect on inflation and the budget deficit. Just four months ago the price was put up by 8 per cent, so the overall increase so far this year amounts to 22 per cent – close to the annual inflation rate. All through the coffee crisis Colombia has maintained relatively high support prices and the international price will have to rise above 92 cents a lb in to reach a break-even point.

Covering the latest increase will cost the National Coffee Fund about US$50m more this year.

However, the burden on the fund is not as big as it might have been because this year's harvest is expected to be under 15m bags (60kg each), about 20 per cent down on 1991-92 production. The reduction is due partly due to cuts in application of fertiliser and other inputs and partly to the effect of the "broca" disease. But the cost of holding back up to 3m bags once the producers' export retention agreement begins to operate is likely to be considerable.

Since the final collapse of the International Coffee Agreement talks earlier this year, both the private exporters and the government have been pushing for a major overhaul of coffee policies and institutions, to fit the better with the free market framework. Some have seen this as an attack on Federacafe – the pillar of the coffee industry – and the government's announcement of a new study commission, which did not include federation representatives, seemed to confirm this.

However the latest price rise shows that the coffee growers still remain considerable influence in government circles.

● Robusta coffee futures prices fell back at the London Commodity Exchange yesterday after last week's big rise. The November position closed at $1.261 a tonne, down $20.

WORLD COMMODITIES PRICES

MARKET REPORT

The **GOLD** price yesterday climbed back above the support level that was breached last week but dealers were not expecting an early break *above the $375-a-troy-ounce level* that has been the markets ceiling for the past two weeks. As the London bullion market price gained $2.35 to $371.55 an ounce at the afternoon fixing traders said the market had been aided by buying in New York. But renewed selling trimmed 20 cents off by the close. At the London Metal Exchange **COPPER** prices fell away from their *highs during late afternoon trading* and ended little changed. As *traders jockeyed for position ahead* of tomorrow's September traded option declarations the cash *premium over the three months* delivery position narrowed by $10 *to $28 a tonne, with the three* months price closing $12 up on the day at *$1,943.50* a tonne. The **NICKEL** market staged a modest rally following the recent fall to 6-year lows. The three months price closed at $4,600 a tonne, up $55. London **COCOA** prices surrendered modest early gains after the New York market opened lower. The December price closed at £832 *a tonne, up £1.*

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$14.70-4.74u	-.375
Brent Blend (dated)	$16.71-6.73	-0.33
Brent Blend (Oct)	$16.99-7.01	-0.35
W.T.I (1 pm est)	$18.20-8.23u	-.365
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$192-194	
Gas Oil	$184-185	
Heavy Fuel Oil	$61-63	
Naphtha	$158-159	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$371.35	+2.35
Silver (per troy oz)♣	482.50c	+13.0
Platinum (per troy oz)	$384.00	+6.5
Palladium (per troy oz)	$125.75	+5.75
Copper (US Producer)	91.00c	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	12.00m	
Tin (New York)	217.0c	-1.0
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	126.37p	-1.09*
Sheep (live weight)†♠	88.12p	-3.03*
Pigs (live weight)†	72.60p	+2.45*
London daily sugar (raw)	$247.30	+0.40
London daily sugar (white)	$293.50	-2.50
Tate and Lyle export price	$275.50	+1.60
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£169.5	
Wheat (US Dark Northern)	£147.0	
Rubber (Oct)♥	61.25p	+2.00
Rubber (Nov)♥	62.00p	+1.50
Rubber (KL RSS No 1 Jul)	210.5m	
Coconut oil (Philippines)§	$447.5v	-2.5
Palm Oil (Malaysian)§	$357.5x	
Copra (Philippines)§	$269.0	
Soyabeans (US)	£195.0	
Cotton "A" index	54.90c	-0.75
Wooltops (64s Super)	330p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Sep v-Sep/Oct u-Oct t-Oct/Dec x-Aug/Sep ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – LCE			($ per tonne)	
White	Close	Previous	High/Low	
Oct	266.00	268.00	269.70	266.00
Dec	257.20	258.10	261.50	257.20
Mar	259.60	260.30	265.00	259.60
May	264.50		267.20	264.50
Aug	268.00		268.00	

White 1736 (893) Paris- White (FFr per tonne): Oct 1559.40 Dec 1515.27

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Oct	17.03	17.47	17.38	16.98
Nov	17.22	17.60	17.52	17.16
Dec	17.38	17.78	17.66	17.31
Jan	17.46	17.86	17.74	17.50
IPE Index	17.29	17.01		

Turnover 21411 (51367)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Sep	162.00	162.50	164.50	162.00
Oct	165.25	165.75	167.50	164.75
Nov	167.25	167.75	169.75	167.25
Dec	169.50	169.75	171.00	169.50
Jan	171.00	171.25	172.25	170.75
Feb	170.50	171.00	172.25	170.50
Mar	168.25	169.00	169.75	168.25
Apr	165.00	168.75	165.00	
May	164.50	165.50	164.50	

Turnover 18467 (13082) lots of 100 tonnes

JUTE
September/October c and f Dundee BTC $320, BWC $330, BTD $305, BWD $310; c and f Antwerp BTC $315, BWC $315, BTD $290, BWD $290.

COTTON
Liverpool- Spot and shipment sales amounted to 52 tonnes for the week ended August 27, against 194 tonnes in the previous week. Subdued offtake did not bring many operations. Support was forthcoming in certain specialist styles, notably in the Benin and Central Asian range.

COCOA – LCE			£/tonne	
	Close	Previous	High/Low	
Sep	797	801	805	792
Dec	832	831	838	827
Mar	853	849	859	849
May	864	860	869	862
Jul	873	871	878	874
Sep	884	882	888	882
Dec	898	893	902	895
Mar	912	905	913	908
May	921	914	924	920

Turnover: 9829 (8651) lots of 10 tonnes
ICCO Indicator prices (SDRs per tonne). Daily price for Aug 27 - (827.13) 10 day average for Aug 30 - (797.00)

COFFEE – LCE			$/tonne	
	Close	Previous	High/Low	
Sep	1329	1347	1360	1320
Nov	1261	1281	1290	1255
Jan	1220	1244	1249	1217
Mar	1203	1224	1226	1202
May	1208	1217	1220	1207

Turnover: 6623 (7353) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Aug 30 Comp. daily 71.71 (71.38) 15 day average 67.88 (67.40)

POTATOES – LCE			£/tonne	
	Close	Previous	High/Low	
Apr	77.4	77.9	77.5	77.0
May	89.8	88.5	90.0	89.7

Turnover 35 (23) lots of 20 tonnes.

SOYAMEAL – LCE			£/tonne
	Close	Previous	High/Low
Oct	-	-	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – LCE			$10/Index point	
	Close	Previous	High/Low	
Sep	1393	1411	1400	
Oct	1430	1440	1436	1428
Nov	1460	1462	1466	1460
BFI	1434	1441		

Turnover 50 (58)

GRAINS – LCE			£/tonne	
Wheat	Close	Previous	High/Low	
Sep	102.15		102.25	102.00
Nov	103.25	103.75	103.45	103.00
Jan	105.40	105.80	106.25	105.00
Mar	107.40	107.65	107.15	
May	109.75	110.10	109.90	109.45
Jun	110.50		110.20	
Barley	Close	Previous	High/Low	
Sep	99.65		99.75	98.50
Nov	101.80	102.10	101.85	101.50
Jan	104.00	104.30	104.05	103.80
Mar	105.80	106.25	105.90	

Turnover: Wheat 460 (506) Barley 73 (40).
Turnover lots of 100 Tonnes.

PIGS – LCE			(Cash Settlement) p/kg
	Close	Previous	High/Low
Sep	98.5	98.5	

Turnover:0 (0)lots of 3,250 kg

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 38,996 lots
Cash	1144-5	1150-1	1146	1146-6.5		
3 months	1165-6	1170-1	1171/1165	1167-7.5	1165-5.5	248,077 lots
Copper, Grade A ($ per tonne)						Total daily turnover 89,717 lots
Cash	1970-3	1969-70	1975/1973	1974-5		
3 months	1943-4	1931-2	1949/1935	1946-6	1937-8	163,379 lots
Lead ($ per tonne)						Total daily turnover 4,248 lots
Cash	381-3	388-9	382.5	382.5-3		
3 months	395-7	401-2	401/395	396.5-7	396-7	23,886 lots
Nickel ($ per tonne)						Total daily turnover 6,145 lots
Cash	4545-55	4490-500		4522-5		
3 months	4595-605	4540-50	4620/4520	4575-6	4625-30	48,257 lots
Tin ($ per tonne)						Total daily turnover 2,574 lots
Cash	4670-5	4680-5		4682-7		
3 months	4725-30	4735-40	4740/4720	4735-40	4715-20	10,452 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 18,082 lots
Cash	875-6	884-5	875.5	875-5.5		
3 months	889-90	896-7	891.5/889	889-9.5	890-1	80,343 lots

LME Closing £/$ rate:
SPOT: 1.4875 3 months: 1.4777 6 months: 1.4716 9 months: 1.4663

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	371.20-371.50	
Opening	370.40-370.80	
Morning fix	370.60	247.067
Afternoon fix	371.55	249.112
Day's high	372.10-372.50	
Day's low	370.50-370.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.68	6 months	2.69
2 months	2.64	12 months	2.59
3 months	2.64		

Silver fix	p/troy oz	US cts equiv
Spot	323.80	484.25
3 months	328.25	487.70
6 months	332.55	491.70
12 months	341.45	500.70

GOLD COINS		
	$ price	£ equivalent
Krugerrand	370.00-373.00	247.00-250.00
Maple leaf	382.35-384.75	-
New Sovereign	88.00-91.00	58.00-61.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1125	40	71	9	17
1150	24	65	16	28
1175	13	41	32	37
Copper (Grade A)	Calls		Puts	
1900	65	82	20	68
1950	37	59	42	89
2000	18	41	73	121
Coffee	Nov	Jan	Nov	Jan
1150	136	127	25	57
1200	103	100	42	80
1250	75	78	64	109
Cocoa	Dec	Mar	Dec	Mar
750	94	125	12	22
775	78	107	19	29
800	59	90	27	37
Brent Crude	Oct	Nov	Oct	Nov
1700	37		25	41
1750	15	50	36	
1800	4	35		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Sep	373.0	370.6	0	0
Oct	373.9	371.5	374.3	371.3
Nov	374.8	372.4	0	0
Dec	375.7	373.3	375.9	373.3
Feb	377.4	375.0	377.8	376.0
Apr	379.1	376.7	379.0	376.7
Jun	380.8	378.3	379.4	379.4
Aug	382.5	380.0	380.5	380.5
Oct	381.8	381.8	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	383.9	384.0	385.5	382.0
Jan	384.4	384.5	386.5	383.0
Apr	385.0	385.1	387.0	382.5
Jul	386.8	385.9	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Sep	483.8	483.2	485.0	479.0
Oct	485.0	484.4	0	0
Nov	487.4	486.8	0	0
Dec	488.5	487.8	489.5	484.0
Jan	489.0	488.3	0	0
Mar	493.1	492.4	494.0	488.5
May	496.3	495.6	496.0	496.0
Jul	499.3	498.6	498.5	498.5
Sep	502.8	501.9	503.5	501.0
Dec	507.8	507.1	507.0	505.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	85.60	85.40	86.00	84.70
Oct	85.55	85.55	0	0
Nov	85.90	85.70	0	0
Dec	86.00	85.90	86.60	84.60
Jan	86.10	86.00	0	0
Feb	86.20	86.10	0	0
Mar	86.30	86.20	86.70	85.40
Apr	86.40	86.30	0	0
May	86.45	86.35	86.85	86.85
Jun	86.55	86.45	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Oct	18.21	18.73	18.73	18.16
Nov	18.47	18.92	18.90	18.41
Dec	18.68	19.08	19.00	18.62
Jan	18.80	19.19	19.08	18.78
Feb	18.95	19.28	19.16	18.95
Mar	19.00	19.36	19.18	19.00
Apr	19.00	19.42	19.20	19.11
May	19.22	19.48	19.22	19.22
Jun	19.22	19.54	19.38	19.22
Jul	19.35	19.60	19.36	19.35

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	52.70	54.01	53.85	52.60
Oct	53.85	55.09	55.05	53.75
Nov	54.90	55.94	55.65	54.80
Dec	55.70	56.79	56.55	55.55
Jan	56.40	57.29	57.00	56.15
Feb	56.50	57.34	57.00	56.50
Mar	55.56	56.44	55.90	55.55
Apr	54.50	55.24	54.50	54.50
May	53.70	54.34	53.70	53.70
Jun	54.40	53.89	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	990	988	1010	994
Dec	1079	1088	1090	1065
Mar	1123	1129	1131	1109
May	1143	1150	1145	1133
Jul	1163	1170	0	0
Sep	1188	1195	1185	1185
Dec	1216	1223	1210	1200
Mar	1236	1246	1230	1224
May	1256	1266	1243	1236

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	75.35	76.75	76.10	76.00
Dec	77.90	79.40	79.00	77.50
Mar	79.90	81.50	81.00	79.80
May	81.50	82.90	82.50	81.25
Jul	82.85	84.25	83.05	82.55
Sep	83.70	85.50	0	0
Dec	87.75	88.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.07	9.34	9.35	9.03
Mar	9.41	9.64	9.63	9.36
May	9.58	9.80	9.78	9.58
Jul	9.66	9.85	9.83	9.66
Oct	9.70	9.91	9.83	9.70

COTTON 50,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	55.31	54.90	55.35	54.90
Dec	56.68	56.08	56.70	56.20
Mar	58.08	57.38	58.15	57.60
May	58.75	57.95	58.75	58.25
Jul	59.28	58.31	59.16	58.90
Oct	60.05	59.70	60.00	60.00
Dec	59.95	59.48	59.90	59.65

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	122.90	124.15	124.60	122.80
Nov	125.95	127.40	127.70	125.80
Jan	127.35	128.55	128.90	127.30
Mar	128.65	129.80	129.60	128.30
May	129.65	130.90	130.90	130.00
Jul	129.90	130.95	130.00	130.00
Sep	129.80	130.95	130.50	130.50
Nov	129.80	130.95	0	0
Jan	129.80	130.95	0	0

INDICES				
REUTERS (Base:September 18 1931 = 100)				
	Aug 31	Aug 30	mnth ago	yr ago
	1695.0	(c)	1660.8	1516.6
DOW JONES (Base: Dec. 31 1974 = 100)				
	Aug 30	Aug 27	mnth ago	yr ago
Spot	123.65	123.12	126.48	117.99
Futures	127.34	127.78	131.92	115.86

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Sep	659/4	669/2	669/0	655/4
Nov	663/4	674/2	673/0	658/0
Jan	669/2	681/0	679/0	664/0
Mar	675/4	684/6	684/0	670/0
May	677/4	688/0	686/0	672/0
Jul	679/4	689/0	687/0	675/0
Aug	676/4	685/0	682/0	672/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Sep	23.60	23.80	23.80	23.22
Oct	23.67	23.93	23.93	23.35
Dec	23.90	24.16	24.15	23.56
Jan	23.99	24.24	24.15	23.68
Mar	24.15	24.34	24.30	23.85
May	24.20	24.34	24.20	23.80
Jul	24.15	24.25	24.25	23.80
Aug	24.00	24.05	24.05	23.70

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Sep	209.4	211.3	211.0	208.4
Oct	208.5	210.7	210.7	207.4
Dec	208.9	211.5	211.0	207.8
Jan	209.7	212.4	211.0	208.3
Mar	211.0	213.1	212.0	209.5
May	211.5	213.3	212.5	210.0
Jul	212.3	213.5	213.0	210.8
Aug	209.0	212.0	211.0	209.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	229/6	231/6	232/6	228/0
Dec	237/4	240/4	240/0	236/0
Mar	245/6	249/2	248/6	244/2
May	251/0	254/2	254/2	249/6
Jul	254/0	257/2	257/2	252/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	308/6	305/2	309/0	303/0
Dec	315/4	313/2	316/2	310/0
Mar	318/0	318/2	318/4	313/0
May	312/4	309/4	313/0	307/6
Jul	300/4	300/2	300/6	299/2

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	75.150	75.025	75.200	74.775
Dec	75.300	75.325	75.425	75.075
Feb	75.525	75.500	75.625	75.400
Apr	76.500	76.500	76.550	76.400
Jun	73.225	73.275	73.350	73.050
Aug	72.025	72.100	72.175	72.025

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	47.175	46.800	47.275	46.500
Dec	46.400	46.300	46.450	45.900
Feb	45.500	45.275	45.600	44.925
Apr	44.050	43.950	44.160	43.800
Jun	49.125	49.100	49.125	48.925
Jul	48.225	48.200	48.225	48.150
Aug	47.000	46.950	47.000	46.900

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	50.200	51.375	51.000	49.625
Mar	49.650	51.075	50.600	49.450
May	50.800	51.800	51.000	50.800
Jul	50.700	51.800	50.950	50.700
Aug	50.450	51.800	0	50.450

LONDON STOCK EXCHANGE

Equities struggle as buyers hold back

By Terry Byland
UK Stock Market Editor

THE LATEST bull run in London's equity market met its first check yesterday, when a new intraday peak was quickly lost, and by the end of the session the FT-SE 100 Index was barely able to hold on to the 3,100 mark, or Friday's peak close. Modest trading volume suggested that little stock had been sold, but the mood suddenly appeared a little less confident than last week.

UK equities at first followed the trend in other European stock markets and a gain of 14.5 points took the Footsie to 3,115.1: Share prices were also helped initially by further gains in British government bonds, where long-dated interest yields dipped to only just above 7 per cent. Falling bond yields have been providing support for equities, and the stock market reacted sharply late yesterday when bond prices were trimmed.

Much of the session focused on the market's attempt to hold on to the 3,100 mark, which was lost briefly early in the afternoon. With the market now evidently looking vulnerable to profit-taking, some strategists suggested that a convincing fall below 3,100 might provoke a significant setback.

Marketmakers were still short of stock yesterday and quickly came in to buy at the day's low point of 3,096.6, and the market rallied to a close on the FT-SE Index of 3,100.0, a net loss of a mere 0.6 on the day. Further attempts to test the level of support for the 3,100 mark are believed likely this week, however.

The picture was much the same across the full range of the market, with the FT-SE Mid 250 Index finally 1.4 off at 3,511.9.

Seaq volume fell away sharply to 476.1m shares, with non-Footsie stocks showing increased activity to make up about 63 per cent of the total. On Friday, Seaq volume of 529.2m shares was worth £1.25bn in retail value, holding up to recent daly averages.

With autumn now overshadowing a stock market that has enjoyed a spectacularly successful August holiday month, analysts were focusing attention on the heavy list of company results now facing investors. The banking sector was dominated yesterday by interim figures from HSBC, although shares in the Hong Kong bank took the result calmly to close little changed. Tomorrow brings trading news from, among other leaders of UK industry, Reckitt & Colman, Rolls-Royce and Vickers.

Few market strategists have raised their year-end forecasts for the Footsie during the latest upswing in share prices, and many now fear that UK equities could be due for a correction. At Salomon International, Mr Marcus Grubb said that the cheapest European equity markets relative to bonds, appear to be France, Spain and Italy, rather than the UK. Any significant delay in Bundesbank easing, or a "double-dip" in the German economy, could, he believes, prompt a sharp setback in equity markets.

A negative factor for the market was a report that Norwich Union, the UK insurance group and heavy investor in UK securities, has turned bearish on secondary oil shares of which it has been a strong holder. But this was counterbalanced yesterday by continued firmness in the pharmaceuticals stocks which have been attracting US investors again. But retail and consumer stocks kept up their hopes for an early cut in UK base rates.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:	Aug 16	Sep 6	Sep 20
Option Declarations:	Sep 2	Sep 16	Sep 30
Last Dealings:	Sep 3	Sep 17	Oct 1
Account Day:	Sep 13	Sep 27	Oct 11

*New time dealings may take place from two business days earlier.

Ready buyers for LWT

CONVERSION of LWT stock into ordinary shares brought the widely predicted flurry of selling from the company's senior management. Nearly 10m shares were traded as executives took their first opportunity to exercise options taken up as part of the company's successful franchise bid in 1991. Around 4m shares, or 3.78 per cent of the company's new share base, were placed with institutional investors at 458p by Cazenove.

There was also speculation that Granada Group would be returning to the market after seeing its 20 per cent stake diluted by yesterday's conversion exercise. Granada, which paid around 500p a share in building up its stake in July, now has a 17.5 per cent holding.

The first trade in the ordinary LWT shares was struck at 405p, but the stock soon picked up and eventually closed at 465p, its closing convertible price on Friday.

C&W in demand

The best performance in a generally active telecoms sector came from Cable and Wireless as the shares responded to a strong push from Hoare Govett, the stockbroker, plus talk of sizeable switching activity involving other telecoms shares.

By the close of trading, C&W was 17 ahead at 862p, an all-time closing high, after touching a peak 863p earlier in the session. Turnover was 2.2m shares.

C&W's outperformance was largely at the expense of Vodafone, whose shares have outpaced those of C&W in recent weeks. Vodafone ended the day a net 8 lower at 571p, with a hefty 4.7m shares traded. Dealers noted plenty of switching business in the market yesterday, out of Vodafone and to a lesser extent the two classes of BT, and into C&W. BT "old" managed a minor improvement of 1½ at 428p, while the partly-paid were fractionally higher at 184p. Combined turnover in BT stock was 25m, comprising 14m of the "old" and 11m of the "new".

Hoare Govett, reiterating its strong buy stance on C&W, said the recent takeover of McCaw, the US cellular group, by AT&T, on a "per head of population" valuation was worth 50p a share on the C&W stock price.

Today brings the launch of Vodafone's new pan-European "Eurodigital" cellular service, the first of a number of cellular phone moves in the next few weeks, including the launching of C&W's One-2-One PCN network and Vodafone's Metrodigital system. In addition to the new system launches, Cellnet, owned by BT and Securicor, is expected to introduce further price cuts in the near future.

Whitbread strong

In a firm brewery sector, Whitbread stood out, helped by a broker's buy note together with continued speculation over the fate of Grand Metropolitan's Chef and Brewer pub-restaurant chain. The shares climbed 10 to 544p in moderate turnover.

Kleinwort Benson turned buyer of Whitbread, arguing that the group was exceptionally placed to take advantage of the UK economic recovery on both its brewing and retail fronts. The company's position in retailing in particular will mean it will recover more quickly than other brewing stocks, according to Mr Andrew Holland at Kleinwort. "The improvement in cash flow over the last two years has been dramatic and should prove sustainable," he said.

Meanwhile, weekend press speculation over whether Grand Met will sell its 750-strong Chef and Brewer chain again spilled over into the market, although brewing analysts said there was little new news to be garnered. Both Whitbread and Bass are said to have made enquiries over the chain – which analysts put a price tag on of between £750m and £1bn. However, speculation is growing that Grand Met may parcel off the division should one buyer prove hard to find. Boddington was yet another name also being mentioned as a potential buyer yesterday. Bass shares were steady at 502p. Grand Met 3 ahead at 460p and Boddington a penny forward at 281p.

Dealers adopted a cautious approach to trading in HSBC both ahead of and following the interim results. These came in towards the bottom of the market's range of expectations, put at between £1bn and £1.5bn, allthough a more refined view was between £1.1bn and £1.3bn.

HSBC shares traded around 7 higher at 740p immediately before and after the figures, but subsequently fell away to 725p as analysts scrutinised the figures in detail and sought guidance from the accompanying statement.

Thereafter the shares crept higher prior to closing a penny higher at 734p. Turnover of only 3.9m was described as disappointing by marketmakers.

The other big banks came under pressure late in the day with Barclays sliding 9 to 499p on 2.6m traded and Lloyds 5 to 554p. NatWest dipped 3 to 494p. Royal Bank of Scotland tumbled 7 to 276p.

Composite insurances extended their recent dull performance with the market becoming increasingly nervous about Sun Alliance's interims scheduled for tomorrow. Sun Alliance shares fell 5 to 385p, with less than 1m shares traded.

Analysts expect the group to achieve profits of up to £80m, compared with a loss of around £98m. There was little reaction in the market to news of losses expected by Chubb Corporation, the manager of Sun Alliance business in the US. Chubb said its Pacific Indemnity unite would incur losses following the settlement of a multi-billion dollar abestos lawsuit with Fibreboard Corporation.

A bout of profit-taking left the oil sector with a sprinkling of small falls. The leaders, among the FT-SE 100's best performers over the past two weeks, drifted easier with BP 3½ off at 316¼p on 6.4m traded and Shell 5 down at 673p.

A press suggestion that Norwich Union, the insurance company and among the biggest investors in the oil exploration and production sub-sector, could be about to lighten its considerable holdings, triggered a flurry of selling in the likes of Goal, 2 easier at 57p, and Clyde, 2½ off at 51½p. Recent high-flyer Lasmo tumbled 5½ to 148p.

Shares in UK airports operator BAA were boosted by reports from British Airways of a sharp increase in traffic out of London's Gatwick airport in recent months. The shares gained 15 to 833p, while those of the British flag carrier ended 5 up at 360p, in trade of 2.4m. Channel tunnel operator Eurotunnel continued to harden, amid continued hopes of a cut in French interest rates, home of many of the investors in the stock. The shares added 8 to 485p.

Among engineering stocks, hopes of a tank order for engineering group Vickers, which reports interim figures tomorrow saw the shares harden 2¼ to 151½p. Profits are expected to be in the range of £8m to £9m, against a £4.1m loss a year earlier.

News that floatation plans for BM Group's Australian subsidiary Austoft were well advanced, cheered the market helping the shares harden a penny to 17½p.

Shares in metals group Johnson Matthey dived 22 to 480p, after General Motors of the US, one of its customers launched legal action against JM.

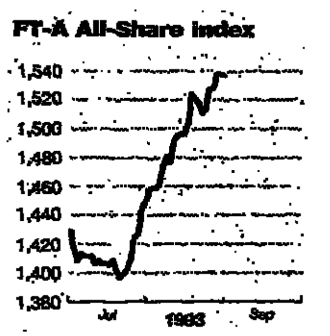
Speculation that international mining group RTZ would soon be making further disposals, following last week's sale of most of its Pillar business to MB-Caradon, boosted the shares 7 to 741p. Caradon shed 4 to 336p, on profit-taking. SG Warburg was said to be positive on BTR where the shares firmed 3¼ to 399½p.

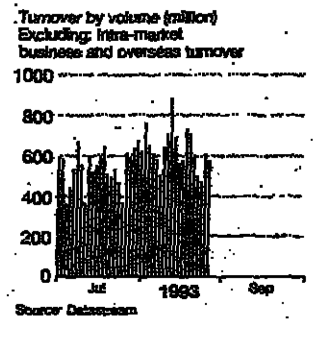
Renewed speculation that Reed International will soon announce the purchase of Official Airline Guide, the US publisher, helped the shares gain 16 to 733p.

Among property stocks, Slough Estates weakened on a negative note from NatWest Securities. The shares fell 4 to 236p.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Steve Thompson.

■ Other statistics, Page 21





NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (314).
BRITISH FUNDS (40) OTHER FIXED INTEREST (3) AMERICANS (3) Merrill Lynch, Pennzoil, Time Warner, BANKS (4) ABN, Bk. Scotland 9¼pc Pf., Do 9⅝pc Pf., Natl. Australia, BREWERS (8) Bulmer, Devenish, Guinness, Mansfield, Matthew Clark, Scot. & Newcastle, Vaux, Whitbread, BLDG MATLS (4) Halton, Lilleshall, Pilkington Wts., Sheffield Insltns., BUSINESS SERVS (6) Business Post, Chubb, Hogg Robinson, MITIE, Page (M), Serco, CHEMS (4) Croda, Halstead, ICI, Porvair, [illegible] Frogmore Ests., [illegible] Scot. Metropolitan, Stanhope, Wates City of Lon., STORES (6) Argos, Etam, Marks & Spencer, Menzies, Rosebys, Tie Rack, TELE NETWORKS (2) Cable & Wireless, Do 7pc Cv. '08, TEXTS (6) Alexandra Workwear, Atkins, French (T), Gent, Hawtin, Hicking Pentecost, Jerome, Lister, TRANSPORT (6) BAA, Brit. Airways, Dawsongroup, Forth Ports, IoM Steam, Seacon, WATER (1) South Staffs., MINES (6).
NEW LOWS (4).
BRITISH FUNDS (1) Exch. 13½pc '94, HEALTH & HSEHOLD (1) Tamaris, HOTELS & LEIS (1) IMC, PACKG, PAPER & PRINTG (1) Unit.

FINANCIAL TIMES EQUITY INDICES

	Aug 31	Aug 27	Aug 26	Aug 25	Aug 24	Year ago	* High	* Low
Ordinary share	2414.2	2413.0	2393.5	2394.3	2373.5	1670.0	2414.2	2124.7
Ord. div. yield	3.82	3.82	3.88	3.88	3.89	5.33	4.52	3.82
Earning yld % full	4.51	4.51	4.55	4.55	4.59	7.74	6.38	4.51
P/E ratio net	28.30	28.29	28.04	28.04	27.81	16.33	28.30	19.40
P/E ratio nil	28.14	28.13	25.89	25.90	25.68	15.19	28.14	18.14
Gold Mines	194.6	188.3	193.5	197.0	199.0	79.4	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2416.5	2424.5	2418.1	2416.5	2420.8	2422.7	2420.9	2413.4	2411.5	2425.2	2410.0

Volume	Aug 31	Aug 27	Aug 26	Aug 25	Aug 24	Year ago
SEAQ Bargains	40,382	35,580	31,881	31,865	28,734	15,689
Equity Turnover(£m)†	-	1248.9	1421.3	2301.5	1251.9	589.5
Equity Bargains†	-	39,197	35,616	35,708	33,524	17,881
Shares traded (mil)†	-	514.4	580.4	614.0	475.2	294.4

† Excluding intra-market business and overseas turnover.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3100.0 -0.6	3511.9 -1.4	1537.21 -0.36

	Aug 31	Day's chge %	Aug 27	Aug 26	Aug 25	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
[illegible]											

Hourly movements — [illegible]

FT-SE Actuaries 350 Industry Baskets — [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	low	Yield Int.	Red.
[illegible]						

OTHER FIXED INTEREST

[illegible]

Continued on next page

CROSSWORD

No.8,242 Set by ALAUN

ACROSS

1 Either shut up or keep attacking (6)
4 A beautiful girl, but she'll leave you cold? (8)
9 A pet putter? (6)
10 It's reassuring if you feel shaky on the flight (8)
12 In a final message, tell the clergymen (8)
13 Sees right through the losers wearing the smiles? (6)
15 Have had one too many to dance (4)
16 Holding a necklace of pearls and looking at it (7)
20 They may be empty (that is, requiring again to be filled) (7)
21 Leather screen (4)
25 Reads the letters in the intervals (6)
26 His being replaced makes a change for the better (8)
28 Still at sea (8)
29 He shows prejudice to start with (6)
30 Sporting official who acts as prompter? (8)
31 Gets up and pays for the drinks (6)

DOWN

1 For the majority, the high spot (4,4)
2 To deter escaping, the captured are tied up (8)
3 What Adam's dog had to be? (3-3)
5 "Stingy" is getting warm! (4)
6 The part of one's golf that's going to pieces? (8)
7 Be more unhappy than the others about the hubbub (6)
8 A party to beat all parties? (6)
11 He's fixing to stay! (7)
14 Journalists who are said to be redressers of wrongs (7)
17 Reveals everybody to be in low waters (8)
18 By which to conquer a military unit? (8)
19 Are there bags of them in the garden? (3,5)
22 Attack a market, so to speak (6)
23 Light vegetarian food the firm goes in for (6)
24 A natural to be an exciseman! (3,3)
27 Are up first against a woman (4)

Solution 8,241

JOTTER PAD

EQUITY FUTURES AND OPTIONS TRADING

EARLY strength in stock index futures, which saw the near month contract climb to a new peak, gave way to a mood of uncertainty as traders mused about the future direction of the market, writes Joel Kibazo.

Having opened at 3,114, early buying soon drove the September contract on the FT-SE 100 to a new high of 3,130, all in the first half-hour of trading.

But that early progress was short-lived and a mood of caution appeared to descend upon the market, leaving the September contract to surrender the earlier gain as it drifted lower for the next few hours. Traders stressed uncertainty in underlying stocks.

It hit the day's low of 3,103 in the last hour of trading but steadied to end at 3,108, in line with Friday's close and just 2 points ahead of its fair value premium to cash of around 7 points. Volume was a reasonable 8,419 lots in the September contract, while increasing action in the December contract saw its turnover reach nearly 2,000 lots.

Turnover in the traded options improved from Friday's session as 29,313 lots were recorded against a previous 24,801. Some 12,298 contracts were dealt in the FT-SE 100 option. The actives list among the stock options was topped by Hanson, which saw 2,819 contracts dealt, and was followed by HSBC with 1,293. Lasmo, British Gas and Tomkins were also busy.

AMERICANS

Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	17½xd	-⅛	20¼	15⅝	14,848	2.6
Allegheny & W. ♥	621p	—	722p	399p	322.7	3.2
Amdahl	326p	—	581p	302¼p	368.1	1.0
Amer Cyanamid	34⅞	—	38⅞	31¾	3,144	3.4
Amer Express	21¹¹⁄₁₆xd	-⅜	25⅝	14⅞	10,436	3.1
Amer T & T	41¼xd	+1³⁄₁₆	43¼	33⅛	33,523	2.1
Ameritech	55⅞	—	56⅛	46	24,464	4.5
Anheuser-Busch	31⅞	+⅞	41¼	30⅟₁₆	8,820	2.8
BankAmerica	31¼xd	+⅜	38⅛	27⅛	11,169	3.0
Bankers NY	53½xd	+1	64¾	42⅝	4,258	3.9
Bell Atlantic	40⅝	—	40¾	32¼	17,848	4.4
BellSouth	37⅝	—	39⅞	32⅞	18,586	5.0
Bethlehem Steel ♥	9⅝xd	+⅛	13¾	8⅞	831.6	–
Bowater	1380pxd	—	1682p	1287p	900.1	2.9
CPC	30xd	+⅛	34⅞	26	4,543	2.9
California Engy	1168p	—	1479p	1086p	218.3	–
Chase Manhattan	22⅞xd	+⅟₁₆	24½	17⅞	3,570	3.5
Chrysler	28¾xd	+⅛	32⅛	21¼	8,419	1.4
Citicorp	21⅞xd	-⅛	22⅞	13⅟₁₆	8,818	–
Colgate-Palm	34⅛xd	+⅟₁₆	45⅞	32	5,448	2.8
Cont'l Bank	1614p	—	1677p	1278p	1,831	2.5
Dana	36⅛xd	+½	37⅞	29⅟₁₆	1,670	3.0
Data General	610p	—	951p	527p	188.3	–
Decora Inds. ♥	104p	—	148p	104p	–	–
Dun & Brad	41⅞	—	42⅞	37⅛	7,374	4.0
Eaton	31⅞	—	31⅞	25⅟₁₆	2,217	2.5
Echlin	18½xd	-¼	20½	15⅟₁₆	1,678	2.5
FPL	26⅛xd	+⅛	27⅞	23¼	4,746	6.4
Ford Motor	34⅛xd	-⅛	36½	28⅟₁₆	16,857	2.0
Gen Elect	65¾xd	+⅜	67⅟₁₆	53⅞	56,153	2.6
General Host ♥	480p	—	722p	456p	–	5.0
Gillette	35¾xd	+⅜	42⅝	31⅟₁₆	7,866	1.6
Hasbro	20⅞	—	20⅞	20⅞	1,819	0.8
Honeywell	25¼xd	—	26½	20⅟₁₆	3,451	2.4
Houston Inds	30⅞	—	33¾	28¼	3,998	6.5
Ingersoll-Rand	25⅟₁₆xd	+⅟₁₆	25¾	19⅜	2,631	1.9
Lockheed	40⅛	—	45⅔	35⅛	2,462	3.5
Lowe's	2843p	—	2748p	1573p	1,926	0.8
Maivy Techology	311p	+10	330p	127p	–	–
Merrill Lynch	64xd	+1⅜	64	37	6,577	1.5
Morgan (JP)	50⅟₁₆xd	+⅟₁₆	50⅞	38¾	6,592	3.2
Morris (Philip) ♣	32¼xd	+½	52⅝	29	28,282	5.5
NYNEX	59⅞	—	64⅛	52¼	12,315	5.3
Pall	11¾	—	15	10⅞	1,363	1.8
Pennzoil	46¾xd	+⅜	48¾	31⅟₁₆	1,904	4.3
Quaker Oats	44¾xd	+⅛	50⅟₁₆	39⅟₁₆	3,226	2.9
Questex	174p	—	229p	161½p	18.3	–
Rockwell	24¼xd	+¼	24⅟₁₆	18⅟₁₆	5,318	2.8
Rep NY	35⅞xd	+⅛	37⅟₁₆	29⅛	1,877	2.0
Sears, Roebuck	36½xd	+2	36⅟₁₆	18⅟₁₆	8,452	2.9
Sthwestern Bell h	28⅛	—	28⅝	23⅜	17,017	3.8
Sun Co	18⅟₁₆xd	+⅜	21⅛	14¾	2,012	6.4
Tenneco	36xd	+⅟₁₆	36¼	25½	6,076	3.0
Texaco	43xd	-⅛	44¼	37⅞	11,726	5.0
Time Warner	27½xd	+⅜	27½	18⅝	16,218	0.8
Unilab ♥	422p	—	508p	358p	182.1	–
US West	30¾	—	31¾	24¾	12,744	4.7
Varity	2560p	—	2579p	1686p	774.1	–
WMX Technologies	20⅟₁₆xd	+⅟₁₆	27⅟₁₆	19⅞	10,116	1.9
Whirlpool	4551pxd	—	4577p	2824p	3,181	1.8
Woolworth ♥	16⅞	+⅛	21½	16⅟₁₆	2,216	4.6

CANADIANS

Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbot Energy ♥	2p	—	2p	2p	–	–
Amer Barrick	1673p	—	1889p	890½p	4,769	0.3
Bk Montreal h	13⅞	—	14¼	11⅟₁₆	3,326	4.2
Bk Nova Scot	1383p	—	1438p	1111p	2,847	4.1
BC Gas ♥	827p	—	857p	723p	–	3.6
BCE	22⅞	—	26⅛	20⅝	6,828	5.8
Brascan ♥	672p	—	721p	454p	554.2	7.7
Breakwater ♥	9p	—	16½p	8¾p	5.72	–
Can Imp Bk	1683p	—	1749p	1228p	3,456	4.0
Can Pacific	1048p	—	1136p	810p	3,336	1.5
4pc Deb	47¼	—	47¾	38	22.1	8.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–	5.7

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Yld Gr's	NAV	Dis or Pm(-)
Scot Asian Ptg	♣	229	+2	229	136	–	231.1	5.7
Warrants		600	+2	605	225	–	–	–
Scot East	♣†□	80	-1½	81½	63½	2.4	91.3	12.4
Scottish Inv	♣†□	220	-2	222	183	2.6	252.8	13.0
Warrants	□	70	+½	70½	38	–	–	–
Scot Mortgage	♣□	221½	-½	225	178	2.3	247.5	10.5
Scot National Inc	♣□	100xd	—	100	83	9.4	–	–
Cap	□	34	—	35	16	–	101.4	66.5
Stepped Pf		168½xd	+½	168½	150¾	4.9	–	–
Zero Div Pf		227½	—	227½	207	–	–	–
Warrants		4½	—	5	2½	–	–	–
Scot Value	†a□	95	+1	95	71	2.4	92.9	-2.0
Sec Alliance	♣†	1580	-6	1582	1390	2.9	1717.5	8.0
Second Consld	□	186	—	188	88	–	219.5	15.5
Second HGSC	□	105	—	106	101	–	–	–
Second Market	♣c	378	+2	378	259	0.7	402.5	6.2
Sec Tst Scot	♣□	88½	-1	91	74½	4.8	90.4	2.1
Select Assets	□	156	—	157	109½	1.8	184.6	15.5
Eq Ind Ser I		150	+1	150	128	3.5	–	–
Eq Ind Ser II		150	+1	150	128	3.5	–	–
SHIRESCOT	♣u	140xd	—	140	104	4.7	140.0	0.0
Shires	♣M	284	—	286	231	7.4	282.1	0.8
Siam Select		145	-1	160	97	0.9	162.0	10.2
Warrants		44½	-½	48	16	–	–	–
Smaller Cos	□	134	—	134	78	2.4	128.9	-4.0
Warrants		57	—	57	14	–	–	–
Sphere Inc	□	34	—	35	14	11.7	45.7	26.7
Zero Div Pf		91¾	—	92	80¾	–	–	–
Units		895	—	895	785	–	–	–

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap £m	Yld Gr's
Emex Intl IE	♣□	7¼	+½	7¼	3¾	6.88	–
Europa Mins	N□	38	—	42	15	18.3	–
Glencar Expl IE	†‡	12	+1	12	6	2.22	–
Greenwich Res	♣□	15¾	-¼	22¼	5	11.9	–
Hemlo Gold C$		27¼	—	28¼	£3½	781.8	1.3
Ivernia West IE	‡‡□	42	—	57	31	21.1	–
Kells Mins IE	‡‡	13	—	13	6	0.31	–
Kenmare	♣□	9¾	—	13½	6	9.28	–
Meltings Res		8½	—	25½	7½	0.94	–
Navan Res IE	♣	102	+7	102	25	17.4	–
Spc Ln Notes		94⅞	—	95¾	25	17.1	–
Oryx Gold		76¾	—	76¾	47	–	–
‡‡Ovoca Res IE		8	—	8	3½	0.68	–
RTZ	♣N□	740½	+6½	746	607	7,870	3.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♦ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR "Headline Earnings" draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT1795. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the *FT Managed Funds Service.*

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3693						
European Trust	6	57.89	58.03	61.73	+1.81	1.12
Far Eastern Tst	6	69.11	69.02xd	73.43	+0.85	1.78
Smaller Cos	5	169.8	174.7xd	185.8	+0.5	1.54
Smith & Williamson Unit Tst Mgrs (1700)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American	5	274.6	275.0	291.1	-3.9	0.80
S & W Capital	5	127.3	127.3xd	136.6	+0.8	1.26
S & W Cash	0	101.90	101.90	101.90	+0.01	5.33
S & W European	5	123.6	123.6	130.7	+1.3	0.91
S & W Far Eastern	5	161.0	162.8	172.3	+1.4	0.00
S & W Growth	5	137.2	139.2xd	147.2	+0.8	1.19
S & W Income	5	125.9	127.1	134.4	+0.8	4.61
S & W Magnum	5	134.1	134.1	144.0	+0.9	1.21
S & W Smllr Secs	5	340.2	347.7	367.8	+0.5	0.52
S & W Thoroughbred	5	157.5	157.5xd	169.1	+1.2	1.19
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.56	50.58	50.58	+0.02	5.3
Christ'd Princes	6½	58.79	59.12xd	63.08	+0.25	7.3
Ethical	6½	56.49	57.34	61.00	+0.17	3.5
European Growth	5½	64.94	65.40	69.76	+0.66	2.5
Income	5½	56.71	57.17	60.98	+0.11	6.3
Intl Growth	6½	88.27	88.85	94.77	+1.21	2.6
Managed	6½	75.59	76.52xd	81.62	+0.70	3.3
UK Growth	5½	80.04	80.65xd	64.65	+0.19	4.0
Standard Life Tst Mgmt Ltd (0730)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	47.62	47.62	50.80	+0.4	1.40
UK Equity Gth Acc	5¼	63.98	65.15	69.23	+0.1	1.05
UK Eq High Inc Inc	5¼	38.95	38.95	41.29	+0.2	3.46
UK Eq High Inc Acc	5¼	46.15	46.15	49.04	+0.2	3.46
UK Equity Gen Acc	5¼	58.38	59.44	63.18	+0.4	1.98
UK Equity Gen Inc	5¼	44.20	45.01	47.83	+0.3	1.98
UK Larger Cos Acc	F 7½	401.3	408.7	441.3	+2.9	3.53
UK Larger Cos Inc	F 7½	308.2	312.3	330.9	+2.2	3.53
Gilt & Fxd Int Inc	5¼	33.25	33.33	35.28	+0.3	6.66
O'seas Larg Cos Acc	F 7½	295.1	300.3	325.9	+4.0	1.35
Nth American Acc	5¼	44.01	44.28	47.06	+0.3	0.81
Far East Acc	5¼	60.97	60.97	64.79	+0.6	0.15
European Acc	5¼	46.34	45.34	48.18	+0.7	0.90
State Street Unit Trust Mngmt Ltd (1400)F						
26 King Street, London SW1 6QW 071-344 7000						
Global A	6¼	$3.713	3.713	3.944	—	1.28
US Equities (a)	6¼	$2.203	2.204	2.341	—	1.14

	Bid Price	Offer Price	+ or -	Yield Gross
Foreign & Colonial Unit Management Ltd				
Balanced Acc Aug 25	198.1	207.0	+1.7	2.96
Balanced Inc Aug 25	195.6	203.3	+1.7	2.96
Latin American Acc Aug 25	118.0	117.4	-4.7	1.56
Funds in Court*				
Capital Aug 19	586.27	580.78	—	3.50
Gross Aug 19	220.80	222.37	—	9.46
High Yield Aug 19	361.93	364.83xd	—	7.14
* Restricted to monies under Court control				
Govett (John) Unit Mngmt Ltd				
Managed Exempt	117.03	121.12	(z)	10.00
Henderson Unit Trust Management Ltd				
Pensions Mngd	67.56	68.97	+0.80	2.83
Henderson TB				
Ex European	1479.37	1488.21	+31.06	1.17
Ex Nth American	1425.21	1438.02	+19.29	0.80
Ex Pacific Basin	1837.84	1854.28	+24.14	0.49
Ex Smaller Cos Inc	2138.61	2243.80	+4.54	2.20
Ex Smaller Cos Acc	2282.94	2404.30	+4.87	2.20
INVESCO Asset Management Ltd				
Exempt Funds				
Asia & Australasia	£3.4880	3.5510	—	2.28
Japan	£2.3290	2.3520xd	—	0.00
Intl Mngd P'Folio(1990-1)	£1.6950	1.7440xd	—	1.01
Mngd Pens (Acc)	£0.9187	0.9298xd	—	3.82
North American	£2.5480	2.5890	—	2.54
Smaller Companies	£1.5958	1.6210	—	3.56
UK Core	£1.0859	1.1120xd	—	4.24
Jupiter Merlin Unit Trust Managers Ltd				
Jupiter Merlin Exempt Trust				
UK Equity	£13.77	14.03	+0.16	–
Lazard Brothers & Co. Ltd				
Property Aug 5	£2050.0	2235.0	—	7.00
Inc Gth Prp Jul 12	£1440.6	1600.6	—	6.80
Lazard Investors Ltd ‡				
Exempt Funds				
Small Co's Aug 31	£5501.7	5712.9	+43.80	2.32
European Aug 31	£782.9	790.8	+11.50	1.39
American Aug 31	£442.9	447.5	+0.80	1.44
Japan Aug 31	£632.0	639.9	+18.50	0.47
Pacific Aug 31	£208.4	212.0	+3.50	0.82
Midland Gilt Jul 30	£128.80	140.70	—	3.7
Local Authorities Mutual Invest. Tst.*				

INSURANCES

OTHER UK UNIT TRUSTS

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Providence Capital Life Assc. Co Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Group Pension Funds				
Equity Acc	1188.2	1225.0	—	-
Fixed Interest Acc	950.0	979.4	—	-
Managed Acc	178.4	181.9	—	-
Alpha Funds				
UK Alpha		230.6	+0.9	-
US Alpha		110.7	+0.4	-
Cill Alpha		89.8	+0.5	-
Gold Alpha		98.6	+2.4	-
Japan Alpha		48.9	+0.8	-
US Dollar Alpha		73.0	-0.7	-
Yen Alpha		77.9	-0.5	-
D-Mark Alpha		79.7	+2.7	-
European Alpha		92.5	+0.8	-
Alpha Pension Funds				

Save & Prosper Group (z)

16-22 Western Rd, Romford RM1 3LB 0708-766966

	Bid Price	Offer Price	+ or -	Yield Gross
A.G. Bond Fd	140.9	148.2	-0.1	-
Bal Inv Fd	704.0	745.0	+3.6	-
Deposit Fd†	353.1	373.7	—	-
Directors' Portfolio	78.4	83.0	+0.2	-
Equity Pens Fd	179.9	190.4	+1.1	-
European Mngd Fd	61.7	65.3	+0.3	-
Gilt Fd	511.1	540.9	+3.9	-
Gilt Pens Fd	140.8	149.1	+1.0	-
Global Equity Fd	219.8	232.6	+2.1	-
Global Eq Pens Fd	209.4	221.8	+2.3	-
High Int Pens Fd†	129.1	136.7	—	-
Japanese Mngd Fd	75.2	79.6	+1.0	-
Managed Income Fd	50.8	53.8	+0.2	4.78
Man Pens Fd	181.4	192.0	+1.2	-
North American Mngd Fd	67.2	71.2	+0.2	-

Sun Alliance Group - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Broker Funds				
Chessman Prism Managed	106.4	112.0	+0.8	-
Bankhall	125.7	132.4	+1.2	-
Bankhall Conservative	98.30	103.5	+0.4	-
IAS High Risk	101.1	106.5	—	-
IAS Medium	97.30	102.5	-0.3	-
IAS Low Risk	87.50	92.20	-0.30	-
IAS Discretion	179.3	188.8	-0.4	-
IAS Maximum	224.3	236.2	-0.9	-
Index Control Monitor	102.8	108.3	+0.7	-
Index Selection Growth	238.1	250.7	+1.1	-
Index Worldwide Growth	257.3	270.9	+1.2	-
Moneyfeld Growth	233.3	245.6	+0.7	-
Peers Discretionary	171.1	180.2	—	-
Radcliffe Trustees	126.7	133.4	+1.4	-
Pension Funds				
Managed	496.0	522.2	+3.4	-

Woolwich Life Assurance Co Ltd

1-3 Queensway, Redhill, Surrey RH1 1NH 0737 778800

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fd		147.9	+0.1	-

Zurich Life Assurance Co Ltd

11 Guildhall Walk, Portsmouth PO1 2LR 0705 822200

	Bid Price	Offer Price	+ or -	Yield Gross
UK Managed	158.8	167.1	+1.1	-
International	165.8	174.3	+2.7	-
Swiss	193.3	203.4	+3.1	-
UK Equity	164.7	173.3	+1.1	-
UK Gilt & Fixed Int	146.8	154.6	+1.8	-
Security	133.8	140.9	+0.1	-
Guaranteed Deposit	123.2	129.7	—	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

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	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Fund Mngrs Intl Ltd - Contd.						
Sterling Bond Fd		£-	1.259		[illegible]	6.63
ECU Bond Fund		Ecu-	1.8690		[illegible]	7.05
Int Bond Fund		$-	1.3830		+0.002	4.94
US$ Deposit Fd		$-	1.010		---	2.04
Sterling Deposit Fd		£-	1.013		---	4.94
French Franc Dep Fd		FFr-	10.41		---	7.58
Swiss Fr Dep		SFr-	3.100		[illegible]	3.58
DM Deposit Fd		DM-	5.171		[illegible]	5.71
Yen Deposit Fd		Y-	304.8		+0.2	2.01
Aust Dlr Deposit Fd		A$-	1.017		---	3.10
US Dollar Bond		$-	1.968		[illegible]	4.68
Yen Bond		Y-	619.4		+0.7	3.78
US Dollar Global Curr		$-	.99483		[illegible]	1.00
Sterling Global Curr		£-	1.1130		[illegible]	2.40
John Govett (Channel Islands) Ltd (1000)F						
6 Minden Place, Helier, Jersey 0534 38570						
Global Equity		-	-	-	---	-
Global High Income	5½	$11.13	11.13	11.18	+0.07	10.5
Dollar Cash	5½	$8.94	8.94	8.97	---	3.00
Japanese Smllr Cos	6	Y865	965	979	+6	0.00
Far East Equity	5½	$16.79	16.79	17.34	+0.04	1.00
US Smaller Cos	5½	$17.49	17.49	17.84	+0.18	0.75
European Equity	6½	[illegible]	13.89	13.82	+0.10	2.00
UK High Income	5	£5.58	5.58	5.61	+0.04	8.70
Initial charge may alter for sales in other jurisdictions						
Hill Samuel Fund Mngrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 604614						
Stg Fixed Int	3½	£1.385	1.385xd	1.439	[illegible]	7.08
Offshore High Yield	3½	£1.572	1.574	1.682	[illegible]	8.28
Global Equity Fund	5½	$17.28	17.28xd	18.45	+0.01	0.00
European Equity	5½	DM21.78	21.78	23.29	[illegible]	1.76
UK Growth (CI Fund)	5½	£5.456	5.456	5.835	[illegible]	1.39
Nth American Eqty	5½	$11.71	11.71	12.51	---	0.00
Far Eastern Eqty	5½	$15.28	15.28	16.34	+0.25	0.00
International Mngd	5½	$13.80	13.80xd	14.96	+0.17	0.00
Intnl. Bond Fund						
Sterling Managed	3½	£12.22	12.22xd	12.76	[illegible]	7.36
US Dollar Managed	3½	$14.03	14.03xd	14.04	[illegible]	5.42
International Currency Fund						
Sterling Managed	3½	£32.80	32.80	34.08	+0.10	-
US Dollar Managed	3½	$31.28	31.28	32.41	---	-
Sterling	0	£29.77	29.77	29.77	+0.01	4.71
US Dollar	0	$40.22	40.22	40.22	+0.01	1.78
Deutschmark	0	DM70.77	70.77	70.77	+0.02	5.07

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Bank Von Ernst & Cie AG						
Marktgasse 63/65, 3001 Berne, Switzerland 31224051						
Von Ernst Global Portfolio						
Equity Sub-Funds						
UK Equity		£-	13.16	-	+0.05	-
UK Smaller Co's Eqty		£-	15.90	-	+0.02	-
Nth American Equity		$-	10.64	-	+0.03	-
US Smaller Co's Eqty		$-	10.61	-	-0.10	-
Pacific Basin Equity		$-	12.21	-	+0.02	-
Japanese Equity		Y-	694	-	+8	-
European Equity		DM-	10.27	-	+0.10	-
Bond Sub-Funds						
Sterling Fixed Int		£-	13.47	-	+0.07	-
Sterling Fixed Int Dtr		£-	11.47	-	+0.05	-
European Fixed Int		DM-	11.17	-	---	-
European Fixed Int Dtr		DM-	9.59	-	---	-
International Sub-Funds						
Global Equity		$-	10.90	-	+0.08	-
Global Bond		$-	12.00	-	+0.07	-
Global Bond Dtr		$-	10.51	-	+0.05	-
Global Managed		$-	10.86	-	+0.05	-
Banque Scandinave a Luxembourg SA						
16 Boulevard Royal, L-2449, Luxembourg						
Scandifonds						
Scandifond Equity Fund						
Equity Int. Acc	5	$-	17.07	17.83	+0.04	3.17
Equity Global	5	$-	1.54	1.63	---	-
Equity Natural Res	5	$-	1.19	1.25	---	-
Equity Japan Acc	5	Y-	116.98	122.84	+1.72	-
Equity UK	5	£-	1.5	1.58	+0.01	-
Equity Nordic	5	$-	1.29	1.37	+0.01	-
Equity North America	5	$-	2.02	2.13	+0.01	-
Equity Mediterranean	5	$-	1	1.06	---	-
Equity Contl Europe	5	$-	1.58	1.66	+0.01	-
Scandifond Far East						
Far East Global	5	$-	3.7	3.9	---	-
Scandifond Bond Fund						
Bond Int. Acc	1	$-	12.69	12.82	---	6.64
Europe Bond Acc	1	$-	1.57	1.6	---	7.15
Bond DEM Acc	1	DM-	1.28	1.29	---	6.64
Bond USD Acc	1	$-	1.48	1.46	---	5.79
Bond Sweden Acc	1	SKr-	16.98	17.16	+0.03	10.19
Scandifond International Sicav						
Intl Emerging Markets	5	$-	1.19	1.26	+0.01	-
Barclays Diversified Portfolio						
14 rue Aldringen L-1118 352 4799 2836						

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar supported by GDP data

THE DOLLAR was well supported against both the D-Mark and the yen in yesterday's European trading after the second quarter GDP figures were revised up by more than the market had expected, *writes James Blitz.*

Second quarter GDP was revised up to 1.8 per cent from a previous 1.6 per cent, but the impact of the figure was all the greater because market expectations had been for a rise of only 1.1 per cent.

The strong data were backed up by reasonable consumer confidence figures. The conference board said that its index had fallen to 59.0 in August from 59.2 in July. But July's figure was an upward revision from 57.7 and the expectations for the August figure had only been for 57.2.

Altogether, these figures helped push the dollar to a high of DM1.6820 from a low of DM1.6675 in Europe. The dollar later closed at DM1.6780, up nearly a pfennig on the day. Against the Japanese yen, the dollar closed at Y104.70 from a previous Y103.95.

Mr Ian Gunner, an economist at Chase Manhattan Bank in London, said that GDP data may give the dollar longer-term support because of upward revisions for growth figures in previous years.

"In recent years, the Federal Reserve has been lowering interest rates in the belief that the economy needed a strong stimulus, but it might start to question that policy," he said.

However, Mr Gunner said that the immediate outlook for the dollar still depended on the non-farm payroll report for August, due on Friday.

In the case of the dollar/yen rate, much will depend on the Japanese government's new fiscal stimulus package due to be delivered around September 20. There are signs that the authorities in Tokyo are seeking to water down the contents of this package. But the dollar may have received some encouragement from comments by the Japanese trade minister, who said that he wanted both a discount rate cut and a supplementary budget.

European trading was very thin, even though many dealers were back in London from the summer vacation.

The D-Mark gained some strength from unusually tight conditions in the German money market, with call money seen at the 7.5 per cent level. But the French franc still managed to make headway against the German currency, closing at FFr3.495 from a previous FFr3.499.

The Danish krone also firmed against the D-Mark, easing to DKr4.115 in mid-morning, but later closing at around DKr4.0950.

Sterling closed ½ a pfennig down on the day at DM2.4950. Sterling money markets continue to take a dim view of the prospects for a cut in British interest rates. But the British political party conferences are only a few weeks away, and some dealers believe that the prospect of another season of speculation on UK monetary policy is upon us.

£ IN NEW YORK

Aug 31	Latest	Previous Close
£ Spot	1.4895-1.4905	1.4525-1.4905
1 month	0.38-0.35pm	0.35-0.34pm
3 months	0.93-0.97pm	1.01-0.99pm
12 months	2.95-2.85pm	2.95-2.88pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 31	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.15528	-1.98	8.39	-
D-Mark	1.94964	1.91807	-1.74	8.12	-
Spanish Peseta	154.250	154.032	0.78	5.44	-7
Portuguese Escudo	192.854	195.600	1.56	4.61	-11
Irish Punt	0.808628	0.821645	1.72	4.44	-11
Belgian Franc	40.2123	40.9214	1.56	4.60	-12
French Franc	6.53883	6.69717	2.51	3.64	-22
Danish Krone	7.43679	7.87283	6.24	0.00	-44

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING INDEX

	Aug 31	Previous
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Aug 31	Bank % rate	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

Aug 31	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Aug 31	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Aug 31	£	$
[illegible]	[illegible]	[illegible]
Korea(Sth)	1195.70 - 1214.95	805.20 - 811.60
Kuwait	0.44600 - 0.44900	0.30070 - 0.30120
Luxembourg	53.20 - 53.30	35.75 - 35.85
Malaysia	3.7850 - 3.7925	2.5470 - 2.5480
Mexico	4.6335 - 4.6365	3.1130 - 3.1150
N.Zealand	2.6920 - 2.6956	1.8085 - 1.8110
Saudi Ar	5.5735 - 5.5850	3.7495 - 3.7505
Singapore	2.3845 - 2.2910	1.6050 - 1.6060
S.Af (Cm)	5.0210 - 5.0320	3.3780 - 3.3795
S.Af (Fn)	6.9960 - 7.0110	4.7000 - 4.7100
Taiwan	40.05 - 40.20	26.90 - 27.00
U.A.E.	5.4545 - 5.4695	3.6715 - 3.6735

EXCHANGE CROSS RATES

Aug 31	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.488	2.495	155.8	8.720	2.203	2.805	2383	1.965	53.25	200.6	1.305
$	0.672	1	1.677	104.7	5.860	1.481	1.885	1601	1.321	35.79	134.8	0.877
DM	0.401	0.596	1	62.44	3.495	0.883	1.124	955.1	0.788	21.34	80.40	0.523
YEN	6.418	9.551	16.01	1000.	55.97	14.14	18.00	15295	12.61	341.8	1288	8.376
F Fr.	1.147	1.706	2.861	178.7	10.	2.526	3.217	2733	2.253	61.07	230.0	1.497
S Fr.	0.454	0.675	1.133	70.72	3.958	1	1.273	1082	0.892	24.17	91.06	0.592
N Fl.	0.357	0.530	0.889	55.54	3.109	0.785	1	849.6	0.701	18.98	71.52	0.465
Lira	0.420	0.624	1.047	65.38	3.659	0.924	1.177	1000.	0.825	22.35	84.16	0.548
C $	0.509	0.757	1.270	79.29	4.438	1.121	1.427	1213	1	27.10	102.1	0.664
B Fr.	1.878	2.794	4.685	292.6	16.38	4.137	5.268	4475	3.690	100.	376.7	2.451
Pta	0.499	0.742	1.244	77.67	4.347	1.098	1.398	1188	0.980	26.55	100.	0.651
Ecu	0.766	1.140	1.912	119.4	6.682	1.688	2.149	1826	1.506	40.80	153.7	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

Contract	Strike / Month	Data
[illegible]	[illegible]	[illegible]

* Contracts traded on APT. Closing prices shown.

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls October	Calls December	Calls March	Puts October	Puts December	Puts March
120	-	3.57	-	-	0.18	-
121	-	2.74	-	-	0.29	-
122	-	1.98	-	0.12	0.52	0.33
123	0.88	1.35	-	0.37	0.85	-
124	0.38	0.84	-	0.87	1.35	-
Open int	9,805	165,026	25,890	7,680	136,247	17,323

Estimated volume 91,133 † Total Open Interest 364,121
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4875	1.4839	1.4776	1.4705	1.4580

MONEY MARKETS

High Lombard lending

CONDITIONS in the German cash market remained extremely tight yesterday as banks continued to borrow through the very expensive Lombard facility to meet end-of-month requirements, *writes James Blitz.*

The problems encountered in last week's very illiquid market continued to haunt dealers.

There had been very little borrowing in last Wednesday's regular money market operations on the assumption that official rates would come down.

UK clearing bank base lending rate
6 per cent
from January 26, 1993

When rates stayed unchanged on Thursday, dealers found themselves short at a time when they needed to have books balanced to meet end-of-month requirements.

Some DM6.3bn were therefore borrowed at the rate of 7.75 per cent on Monday, and heavy Lombard borrowing was reported yesterday. Call money was traded at a very wide spread of 7.25 per cent to 7.75 per cent. Three month money remained at 6.55 per cent.

The Bundesbank announced a repo rate for today's weekly operations at 6.80 per cent for maturities of 14 days. This was no surprise to a market which is increasingly sceptical of German rate cuts in the next four weeks.

September Euromark futures dropped 3 basis points to close at 93.43, coming more-and-more into line with the cash level.

There is similar downward pressure on the front-month French franc contracts.

Yesterday, the September French franc contract fell 6 basis points to close at 92.86. But at this level it is pricing 3 month cash in two week's time at 7.14 per cent, some 35 basis points below yesterday's cash level. Dealers are pricing in more cuts in French rates.

One dealer wondered how likely further easing was, with the French franc at the comparatively strong FFr3.49 to the D-Mark, and with a pronounced downside.

Conditions in the sterling market were extremely tight yesterday, with a £2.15bn shortage forecast by the Bank of England and no takers in the early round of trading.

The overnight rate consequently came close to the 8 per cent level, and 3 month money nudged up to $5\frac{29}{32}$ per cent, having been at 5⅞ per cent at the end of last week. The September short sterling contract dropped 4 basis points to close at 94.11. The December contract was down 4 points at 94.56.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug 31)	3 months US dollars		6 months US Dollars	
	bid 3⅛	offer 3¼	bid $3\frac{3}{16}$	offer $3\frac{5}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.00	Three year	4.22
Broker loan rate	5	Two month	3.09	Five year	4.83
Fed.funds	$3\frac{1}{16}$	Three month	3.08	Seven year	5.07
Fed.funds at intervention	$3\frac{1}{16}$	Six month	3.21	10-year	5.47
		One year	3.38	30-year	6.11
		Two year	3.88		

Aug 31	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	-	6.75-6.85	6.65-6.80	6.45-6.55	6.30-6.45	7.75
Paris	$7\frac{7}{16}$-$7\frac{5}{16}$	7.45-7.75	-	7.20-7.50	-	6.75
Zurich	5-5⅛	$4\frac{13}{16}$-$4\frac{11}{16}$	-	4⅝-4½	-	-
Amsterdam	6.56-6.62	6.52-6.60	-	6.27-6.35	-	-
Tokyo	$2\frac{31}{32}$-$3\frac{1}{32}$	-	-	-	-	-
Milan	9½-9⅞	$9\frac{7}{16}$	-	$9\frac{5}{16}$-$9\frac{3}{16}$	-	-
Brussels	-	11⅜-11½	-	10¼-10½	-	-
Dublin	6⅝-6¾	6⅝-6¾	6½-6⅝	6½-6⅝	6⅜-6½	-

LONDON MONEY RATES

Aug 31	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8½	$6\frac{3}{16}$	$6\frac{1}{16}$	6	$5\frac{31}{32}$	$5\frac{15}{16}$
Interbank Bid	5¾	6	5⅞	5⅞	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	6⅞	6⅛	6	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	7	6	-	-	-	-
Company Deposits	-	-	-	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
Bank of Baroda	6	●Robert Fleming & Co	6	* (In administration)	
Banco Bilbao Vizcaya	6	Girobank	6	Royal Bk of Scotland	6
Bank of Cyprus	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Ireland	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of India	6	●Hambros Bank	6	TSB	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Fund	Gross	Net	Gross CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Money Market Bank Accounts

Account	Gross	Net	Gross CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Western Trust High Interest Cheque Acc — The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	5.50	4.13	5.61	Qtr
£5,000-£14,999	5.25	3.94	5.35	Qtr
£1,000-£4,999	5.00	3.75	5.09	Qtr
Wimbledon & South West Finance PLC — 114 Newgate St, London EC1 7AE 071-606 9485				
High Int Cheque Acc	5.50	4.13	5.61	Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close August 31

Quotations in cents unless marked $

MONTREAL

4 pm close August 31

Total Sales 25,162,713 shares

INDICES

NEW YORK

DOW JONES	Aug 30	Aug 27	Aug 26	Aug 25	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3643.89	3640.63	3648.18	3652.09	3652.09 (25/8)	3241.95 (20/1)	3652.09 (25/8/93)	41.22 (2/7/32)
Home Bonds	109.45	109.39	109.43	109.37	109.45 (30/8)	103.49 (11/1)	109.45 (30/8/93)	54.99 (1/10/81)
Transport	1651.21	1655.06	1651.42	1664.67	1683.06 (16/4)	1453.84 (4/1)	1683.06 (16/4/93)	12.32 (8/7/32)
Utilities	255.21	254.09	254.75	254.55	255.21 (30/8)	217.14 (8/1)	255.21 (30/8/93)	10.50 (8/4/32)

DJ Indl. Day's High 3667.46 (3658.28) Low 3621.63 (3606.54) (Theoretical♠)
Day's High 3655.16 (3648.18) Low 3638.12 (3624.98) (Actual♠)

STANDARD AND POOR'S	Aug 30	Aug 27	Aug 26	Aug 25	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	461.90	460.54	461.04	460.13	461.90 (30/8)	429.05 (8/1)	461.90 (30/8/93)	4.40 (1/6/32)
Industrials♥	522.83	521.86	522.07	521.55	524.99 (10/3)	496.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	46.88	46.86	47.08	46.98	47.08 (26/8)	39.69 (8/1)	47.08 (26/8/93)	8.64 (1/10/74)
NYSE Composite	256.04	255.40	255.83	255.35	256.04 (30/8)	236.21 (8/1)	256.04 (30/8/93)	4.46 (25/4/42)
Amex Mkt. Value	456.27	454.99	454.20	454.42	456.27 (30/8)	395.84 (8/1)	456.27 (30/8/93)	29.31 (9/12/72)
NASDAQ Composite	737.38	734.07	731.39	733.66	737.38 (30/8)	645.87 (26/4)	737.38 (30/8/93)	54.87 (31/10/72)

	Aug 27	Aug 20	Aug 13	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.82	2.86	3.16
	Aug 25	Aug 18	Aug 11	year ago (approx.)
S & P Industrial div. yield	2.46	2.48	2.52	2.62
S & P Indl. P/E ratio	27.86	25.60	25.14	29.06

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Nat Med Ent	5,055,200	7½	-¼
Merck	2,685,600	31⅞	-1
Texas Util	2,509,700	48⅞	-¼
Chrysler	1,667,200	43¼	-⅛
Telefonos	7,664,600	53¼	-¾
WMX Tech	1,618,300	31	+¾
Black Decker	1,592,800	21	+¾
IBM	1,557,500	44⅝	+½
Am T & T	1,548,700	62⅝	-⅛
US West	1,519,700	46⅝	+⅛

TRADING ACTIVITY

† Volume (Millions)	Aug 30	Aug 27	Aug 26
New York SE	191.341	190.863	243.605
Amex	13.893	16.737	19.260
NASDAQ	225.072	247.336	290.447
NYSE			
Issues Traded	2,597	2,598	2,602
Rises	1,115	900	1,023
Falls	763	991	910
Unchanged	719	707	669
New Highs	142	104	140
New Lows	4	5	13

CANADA

TORONTO	Aug 30	Aug 27	Aug 26	Aug 25	1993 HIGH	1993 LOW
Metals & Minerals	3120.83	3095.43	3111.50	3139.23	3140.94 (16/8)	2743.31 (21/1)
Composite	4138.80	4133.40	4115.60	4122.90	4138.80 (30/8)	3275.80 (21/1)
MONTREAL Portfolio	1957.20	1947.29	1948.06	1955.22	1957.80 (24/8)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	Aug 31	Aug 30	Aug 27	Aug 26	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1982.2	1956.0	1948.6	1941.5	1982.20 (31/8)	1495.00 (13/1)
All Mining (1/1/80)	878.8	878.1	878.7	888.8	904.50 (2/8)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	403.05	401.11	401.07	401.71	403.05 (31/8)	300.28 (14/1)
Traded Index (2/1/91)	1014.08	1007.75	1004.24	1006.18	1014.08 (31/8)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1306.78	1306.25	1315.13	1325.37	1365.70 (12/8)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	334.24	334.15	334.43	335.58	340.58 (19/8)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1431.1	1414.9	1421.8	1433.9	1492.90 (19/8)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	600.51	593.78	594.16	590.02	600.51 (31/8)	471.24 (13/1)
CAC 40 (31/12/87)	2216.49	2205.67	2183.88	2173.61	2216.49 (31/8)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	746.41	738.74	734.83	735.83	748.41 (31/8)	598.52 (14/1)
Commerzbank (1/12/53)	2126.6	2103.6	2091.5	2094.7	2126.60 (31/8)	1694.30 (14/1)
DAX (30/12/87)	1944.89	1921.89	1904.60	1901.15	1944.89 (31/8)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7549.73	(c)	7422.98	7449.08	7605.26 (19/8)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1753.68	1751.58	1745.56	1746.81	1754.84 (19/8)	1181.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	631.84	632.86	627.81	624.21	632.86 (30/8)	448.33 (6/1)
MIB General (4/1/93)	1389.0	1390.0	1379.0	1371.0	1390.00 (30/8)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	21026.60	20912.69	20791.68	20591.76	21076.00 (3/9)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1693.09	1677.63	1670.54	1654.36	1693.09 (31/8)	1250.06 (25/1)
2nd Section (4/1/68)	2252.35	2251.79	2250.18	2231.99	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	(c)	(c)	808.49	811.78	811.78 (26/8)	614.28 (13/1)
NETHERLANDS						
CBS TtlRtn.Gen.(End 1983)	385.2	382.2	378.5	376.1	385.20 (31/8)	295.70 (4/1)
CBS All Shr (End 1983)	252.3	250.7	248.4	248.8	252.30 (31/8)	188.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	936.39	935.33	935.14	929.11	979.17 (13/8)	689.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1780.79	1776.07	1765.79†	1769.17	1796.05 (23/8)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	507.57	504.57	507.07	507.52	507.57 (31/8)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1747.0♥	1705.0	1714.0	1759.0	2098.00 (30/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4832.0♥	4615.0	4614.0	4623.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	664.88	672.12	685.87	685.74	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	303.12	304.88	302.97	299.52	304.88 (30/8)	215.60 (4/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1281.4	1292.2	1270.2	1251.0	1339.10 (18/8)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1071.9	1070.7	1069.1	1069.5	1077.90 (25/8)	904.80 (11/1)
SBC General (1/4/87)	852.4	851.3	850.0	849.6	854.70 (25/8)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3892.04	3923.45	3919.85	3984.67	5013.28 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	953.18	962.47	982.53	981.77	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	602.6*	601.5	598.9	596.2	602.60 (31/8)	498.60 (13/1)
Euro Top-100 (26/6/90)	1132.03	1133.15	1128.77	1122.82	1133.15 (30/8)	862.73 (13/1)

**Saturday August 28: Taiwan Weighted Price; 3927.75, Korea Comp Ex; 689.82. ♥ Subject to official recalculation. † Correction. *Calculated at 15.00 GMT

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Tuesday, August 31, 1993

	Stocks Traded	Closing Prices	Change on day
Nikkatsu	58.0m	35	+13
Fujitsu	15.5m	848	+9
Oki Elec	9.8m	556	+15
Itochu Corp	7.2m	644	+11
Marubeni	6.8m	529	+20
Nippon Yusen KK	4.9m	649	+8
Nippon Steel	4.0m	378	+1
NEC Corp	3.6m	1,020	+10
Tokyu Land	3.2m	727	+12
Hitachi	3.1m	844	-2

4 pm close August 31

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld %	P/ E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
14⅝	11½	AAR Corp	0.48	3.6	62	67	13⅜	13¼	13¼	
29⅞	13¾	A L Labs A	0.18	1.0	36	155	18⅞	18	18¼	-⅝
65⅞	54⅝	AMP Inc	1.60	2.5	22	768	65	64½	64¾	+⅛
72¾	55½	AMR			17	2524	67⅝	66¾	67	+⅛
3⅜	1¾	ARX			11	264	3	2⅞	3	
51½	29⅞	ASA	2.00	4.5	29	435	44½	44	44¼	+⅜
30¾	22⅝	Abbott Lab	0.68	2.6	16	8370	26⅜	25¾	26	-¼
12⅝	9½	Abitibi Pr	0.50	5.3	4	7	9⅝	d9½	9½	-⅛
15¼	8¼	Acpmcain			44	166	14⅝	14⅛	14⅜	-⅛
36	25½	ACE Ltd	0.40	1.2		224	34⅞	34⅝	34¾	+⅛
12	10¾	ACM Gvt In	0.96	8.4		119	11⅜	11¼	11⅜	
10	9⅛	ACM GvOpp	0.80	8.2		198	9¾	9¾	9¾	
9⅞	8¾	ACM Gvt Sp x	0.80	8.4		1519	9⅝	9⅜	9½	
11⅝	10½	ACM Gvt Se	0.96	8.6		1649	11¼	11⅛	11⅛	+⅛
11⅝	9⅝	ACM Man	1.08	9.5		362	11½	11¼	11⅜	-⅛
9⅜	8⅝	ACM Managd	0.72	7.9		258	9¼	9⅛	9⅛	-⅛
12⅜	7¾	Acme Cleve	0.44	4.8	12	700	9½	8⅞	9¼	+¼
9¼	6½	Acme Elect			50	41	7⅛	7	7⅛	
25½	18⅜	Acordia	0.44	1.7	15	81	u26⅜	25¾	26⅜	+⅞
16	10⅜	Acuson			32	199	11⅝	11½	11⅝	
21¾	19	Adams Expr	0.48	2.4	1	167	19⅞	19¾	19¾	
66¼	45½	Ad Micro	3.00	4.6		1182	66⅛	64¼	65⅞	+2
32¾	17⅝	Ad Micro P	3.00	9.3	12	9419	32⅝	31¾	32⅜	+⅞
7¾	5½	Advest Grp	0.16	2.2	12	226	7⅜	7⅛	7⅜	+⅛
24¾	16⅛	Advo Inc	0.08	0.5	19	113	17⅞	17⅜	17⅝	-⅛
49¾	41⅛	Aegon ADR	2.85	6.0	9	279	49⅝	49¼	49¼	-⅜
60½	43⅜	Aetna Li	2.76	4.6	41	805	59⅝	59	59⅝	+⅜
14½	11½	Affil A	0.26	1.9	29	900	14⅛	13⅞	14	
33⅞	26⅜	Aflac	0.40	1.2	16	1149	u34	32⅝	33	
22⅛	15¾	Ahmanson	0.88	4.4	23	3262	19⅞	19⅜	19⅞	+⅜
7¾	4	Aileen Inc			5	65	4⅜	4¼	4⅜	
48½	24⅞	Air Pr Chm	0.92	2.1	17	1825	43¾	43⅛	43½	-⅛
28½	18⅛	Airbne Frt	0.30	1.3	30	545	23¾	22½	23⅜	+⅜
37½	18¼	Airgas Inc			40	81	36½	36¼	36⅜	-¼
15⅜	10½	Airlease	1.60	10.8	11	36	14¾	14⅝	14¾	
105½	101	AlaPw8.16	8.16	8.0		z50	102½	102½	102½	-2½
107	102½	Alab 8.28C	7.28	6.9		z30	104¾	104¾	104¾	
18	12¼	Alaska Air	0.20	1.5	2	192	13⅛	12⅞	13⅛	+⅛
19	14¼	Albany Int	0.35	1.9	62	40	18¾	18⅝	18¾	
28¼	20⅜	AlCulvr B	0.26	1.2	15	389	21⅝	20¾	21⅝	+⅝
25¼	17	AlCulvr A	0.26	1.4	14	409	18⅝	18	18⅝	+⅝
59¼	48¾	Albertsons	0.36	0.7	21	1351	55⅜	54⅞	55	
21⅝	16⅞	Alcan Alum	0.30	1.5	32	2224	20¾	20½	20⅝	-⅛
50⅝	35¼	Alco Stand	0.96	2.1	19	971	45¾	45⅝	45⅝	
28⅛	19⅝	AlexBrown	0.60	2.2	6	689	27½	27⅛	27⅜	-⅛
29⅞	24	Alexr Alex	1.00	4.0	26	717	24¾	24⅜	24¾	+⅛
24¼	17	Allegh Lud	0.48	2.1	23	6042	22¾	21⅞	22½	
55	46⅞	Allegh Pow	3.24	5.9	15	681	u55	54¾	55	
46	29	Allen Gp	1.75	4.0		11	43½	43½	43½	
51	25⅞	Allen Con	0.24	0.5	25	149	50¼	49½	49¾	-¾
26⅜	21¼	Allergan	0.40	1.7	13	860	23⅜	23	23⅛	
23¼	16¾	Allnce Cap	1.40	6.4	25	416	22¾	22	22	-⅝
10¼	8⅞	Allnce Gl	0.18	1.9		105	9¾	9½	9⅝	
25¼	16¾	Ald Irish x	0.89	3.6	15	15	24¾	24¼	24¾	+¾
74¾	57½	Alld Sig	1.16	1.6	17	2106	u74¾	74	74¾	+¾
11⅜	9⅞	AlstMunTr	0.78	6.9		156	u11⅜	11⅛	11¼	
9⅞	7½	AlstIncOp	0.63	7.3		401	8¾	8½	8⅝	
10½	8⅛	AlstMnInc	0.72	7.7		139	9⅝	9⅜	9⅜	
[illegible]										
32¾	22¼	Baxter	1.00	3.7	14	7399	26⅞	26½	26¾	
29⅞	24⅜	Bay St Gas	1.42	5.1	15	205	28¼	27⅞	28	+⅛
25	22	Bd Tr 1838	1.72	7.3		36	23¾	23½	23⅝	+⅛
23¾	15	Bear Stms	0.60	2.5	8	3630	u24	23⅝	23¾	+¼
50¼	45½	BearStPfA	2.75	5.5		11	u50¼	50	50¼	
24¾	20½	Bearings	0.64	2.8	18	17	23¼	23¼	23¼	-¼
25½	19¾	Beckman In	0.36	1.6	13	52	22⅜	22⅛	22⅜	+⅜

[illegible]

- B -

- C -

- D -

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- I -

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Continued on next page

NYSE COMPOSITE PRICES

4 pm close August 31

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close August 31

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Powell		7	13	6⅜	d6	6⅛	+⅛
Pres Life	0.08	6	947	u9¼	8⅞	9	-¼
Presstek		65	98	19	18¼	18⅜	+⅛
Preston	0.12	1	14	4⅛	4	4	
Price Co		16	4046	38	37	38	+⅞
Pride Pet		102	176	u6⅛	5⅞	6⅛	
Prisoni		11	6	7	6¼	7	+¾
Prod Ops	0.24	20	527	26½	25½	25¾	+¼
ProtectLI	1.04	12	770	u45¼	43½	43½	-½
Pulitzer	0.54	12	610	29½	29	29	
Puritan B	0.12	16	3072	21¾	20¼	20½	
Pyramid		10	3216	22½	21¼	21½	-¾
QuadraLog		14	z100	8⅝	8⅜	8⅝	+¼
QuakerChm	0.60	23	60	19	18	19	+1
Qual Food	0.20	23	231	32¾	31¾	31¾	-1
Quantum		7	1508	12⅜	12	12⅛	
Quicksilv		20	112	10⅞	10½	10½	
QVC Ntwk		44	2424	65¾	63¾	65½	+⅞

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Rainbow		24	276	27¾	27	27⅜	+⅛
Rallys		18	574	13¾	13¼	13¾	
Rasterops		7	741	11⅛	10¾	10¾	-¼
Raymond		25	z100	18	17¼	18	
Recoton		17	69	20¾	19¾	20¾	+¾
RegencyCr		47	179	u1 15/32	1 13/32	1 13/32	
ReLife A		12	3	11	10	11	
Repligen		5	208	7	6½	6¾	-¼
Rep Waste		18	621	4⅛	3⅞	4⅛	+⅛
Resrchind		19	161	11¼	10¾	11¼	
Reuters	0.69	24	1344	70¼	69⅝	69⅝	-½

AMEX COMPOSITE PRICES

4 pm close August 31

FINANCIAL TIMES

Wednesday September 1 1993

AMERICA

Good news on GDP leaves Dow unmoved

Wall Street

US stock markets traded in a narrow range on either side of opening values yesterday morning in spite of gains in overseas equities and some *unexpectedly good news on the* domestic economy, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down *2.24 at 3,641.75. The more* broadly based Standard & Poor's 500 was 0.38 higher at 462.28, while the Amex composite was up 0.49 at *456.76, and the Nasdaq compos*ite up 3.15 at a new record high of 740.53. Trading volume on the NYSE was 129m shares by 1 pm, and rises outnumbered declines by *940 to 842.*

Prices drifted in directionless trading for the second consecutive day, with analysts noting that the markets traditionally *move in narrow ranges in the* days before the long Labor Day holiday weekend, which signals the end of summer.

Investors also failed to respond positively either to stronger markets overseas – Tokyo, Frankfurt and Paris *shares were all higher over*night – or the commerce department's upward revision of its estimate of second quarter gross domestic product from an original 1.6 per cent increase to 1.8 per cent. The upward revision caught Wall *Street off guard, because ana*lysts had been predicting the GDP figures would be revised downward ever since the June merchandise trade data *revealed a sharp* weakening in export sales.

The lack of a strong reaction *from equities was probably* due to the decline in Treasury prices that was sparked by the GDP data. When longer-dated Treasuries recovered later in *the morning,* equities edged up with them, leaving the leading indices little changed by midday. Additional good economic news on consumer confidence (the Conference Board's index rose this month) and manufacturing activity (the National Association of Purchasing Management's August index *was also up*) had little impact upon trading.

Airline stocks were in *demand: UAL rose $3⅞ to $149,* Delta put on $⅞ at $54¼, and AMR, parent of American Airlines, gained $⅝ at $67¼.

Among mostly firmer drug *stocks, Smithkline-Beecham* fell $1⅛ to $32⅝ after the broking house, Wertheim Schroder, downgraded the stock from a "buy" to a "sell", citing con*cerns about possible* weak sales next year.

Another stock moving on a broker's report was WMX Technologies, which climbed *$1¼ to $32¼ in busy trading* after Prudential Securities repeated its "strong buy" recommendation on the shares and predicted that earnings growth would accelerate over the coming year.

The Limited added $½ at *$23⅝ in volume of 2.1m shares* after the retail group announced a restructuring that includes shrinking or closing 360 stores by the end of 1995.

Canada

TORONTO was modestly higher at midsession, the TSE 300 composite index rising 1.41 to 4,140.17 in volume of 29.2m shares valued at C$322m. *Advancing stocks* exceeded declines by 294 to 274, with 316 unchanged.

Among the actives Placer Dome was up C$⅛ to C$28⅝ and Bank Nova Scotia up C$⅜ at C$26⅞.

SOUTH AFRICA

SHARES were generally stronger, although volume was thin due to an absence of new fac*tors to stimulate investors.* The golds index gained 42 at 1,747, the industrial index rose *17 to* 4,632 and the overall index added 25 at 4,035.

EUROPE

Bourse activity recovers as UK investors return

THE RETURN of the UK investor gave activity a boost, *writes Our Markets Staff.*

FRANKFURT hit a new three-year high as the DAX index rose 23.00 to 1,944.89; but it lost some of its gains in the afternoon, the Ibis-indicated DAX closing at 1,931.95.

Turnover rose from DM5.8bn to DM11bn. Ms Barbara Altmann, at B Metzler in Frankfurt, said that equities had risen on the strong domestic bond market, where the average bond yield fell by another 5 basis points yesterday to 6.05 per cent.

Deutsche Bank reflected bond market gains as it rose DM16 to DM795, although it fell back to DM788.50 after hours. In the construction area, a buying order for Bilfinger & Berger pushed it DM42 higher to DM960, and Heidelberger Zement rose DM55 to DM1,115.

*Meanwhile, the market pun*ished disappointing results. Hoechst, marginally below par on Monday, fell another DM1.30 to DM278.80 while BASF and Bayer rose by DM4.10 to DM257.90, and DM5.50 to DM301.40 respectively. Other names in the sin *bin included Varta, the* battery maker, Linotype, the printing machinery maker, and Karstadt, the stores group.

PARIS peaked again as the CAC-40 index improved 10.82 to 2,216.49, off the day's high of 2,222.87. Turnover was strong at FFr4.7bn, after Monday's low FFr2.7bn.

The expiry of August futures and options was a contributory factor to the market's gains, *while optimism about immi*nent domestic interest rate cuts, possibly during this week, also lifted shares.

Elf Aquitaine was one of the few stocks to go against the trend, closing off FFr2.70 at FFr445.90 after a fall of nearly 60 per cent in first half profits. The oil group included a FFr2.3bn write down of oil assets because of the weakness in international oil markets.

In contrast Elf Sanofi, in pharmaceuticals, added FFr11 to FFr1,009 after satisfactory first half figures while BSN picked up FFr25 to FFr952, recovering all the ground it had lost at the end of last week because of alleged problems with glass bottles made by its Dutch subsidiary.

MADRID tried to blast its way into new high ground, but the gains did not hold and the general index closed 1.76 lower *on the day at 303.12, after* 309.06 at midsession.

Turnover was strong at Pta38.38bn. The afternoon was not enhanced by a New York *downgrade of Repsol* by Donaldson, Lufkin and Jenrette, which removed the American *Depositary Receipts* from its recommended list. In Madrid, the shares fell Pta140 to Pta3,880.

ZURICH said that the CS Holding results were in line with expectations as the bearers eased SFr5 to SFr2,950; the SMI index rose 7.1 to 2,488.1.

However the telecommunications equipment manufacturer, Ascom, accelerated its downtrend. Down SFr70 on Monday ahead of a first half loss, it *dropped another SFr110 to* SFr1,140 after an early plunge in the shares led to a temporary suspension of trading.

AMSTERDAM maintained its forward momentum, with a rise in the CBS Tendency index of 1.5 or 1.1 per cent to 131.4. The market's rise was mainly concentrated in the morning session, with some profit-taking evident in the afternoon.

A firm bond market also sup*ported equities, while technical* factors assisted the rise in some stocks, notably *Unilever,* which put on Fl 6.50 or 3.3 per cent, to Fl 203.90, mostly on short-covering.

Traders at Amsterdam bro*kers Pierson also noted switch*ing out of cyclicals into defensive stocks, such as Unilever, and commented that the overall market was now looking overbought; a technical correction was now both logical and healthy, they added.

MILAN retreated a little in a technical correction from recent high levels. The Comit index finished down 1.02 at 631.84.

The construction and cement sectors remained active follow*ing the untying of bottlenecks* in public works projects by the government last week: Italmo*biliare rose L96 to L46,276.*

COPENHAGEN featured gains of DKr10 to DKr130 in *East Asiatic on a turnround* prediction, and of DKr16 to DKr480 in Sophus Berendsen B *after Monday's higher* profits. The KFX index, unruffled by the state 1994 draft budget, gained a *marginal* 0.12 to 97.88.

VIENNA saw OMV fall Sch15 to Sch798 ahead of a statement by the oil group on its interim figures which are due to be announced next week. OMV said that it saw little change in its financial situation, having *reported a first half loss* in 1992. The ATX index rose 6.33 to 1,014.08.

TEL AVIV added another 2.4 per cent to Monday's gain of *1.1 per cent in reaction to polit*ical developments in the region and the cabinet's approval of the budget. The Mishtanim index rose 5.01 to 208.76 in turnover of Shk244m.

FT-SE Actuaries Share Indices

August 31 — THE EUROPEAN SERIES

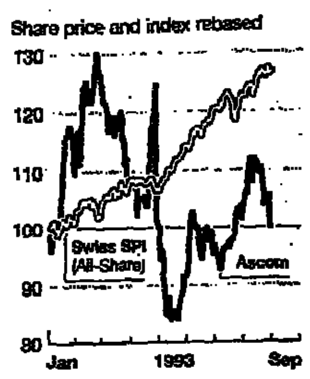
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1322.48	1323.18	1322.46	1322.58	1324.11	1324.34	1320.51	1319.95
FT-SE Eurotrack 200	1402.54	1400.36	1400.03	1400.19	1402.09	1401.81	1397.80	1396.45

	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23
FT-SE Eurotrack 100	1308.15	1298.46	1310.93	1296.82	1291.83
FT-SE Eurotrack 200	1397.66	1384.05	1385.52	1375.46	1374.00

Base value 1000 (26/10/90) High/day: 100 - 1325.96; 200 - 1403.35 Low/day: 100 - 1319.78 200 - 1394.83.

Ascom

Share price and index rebased



Source: Datastream

ASIA PACIFIC

Nikkei closes above 21,000 for first time since June

Tokyo

MOUNTING hopes of an imminent cut in the official discount rate continued to support share prices, and the Nikkei average closed above 21,000 for the first time since June 3, *writes Emiko Terazono in Tokyo.*

The 225-issue average ended 113.91 *higher* at 21,026.60, its sixth consecutive gain, after a volatile session dominated by profit-taking by *institutional* investors and buying by arbitrageurs and dealers.

Share prices firmed during the morning ahead of the government's emergency economic cabinet meeting. However, comments by Mr *Hirohisa Fujii, the finance* minister, ruling out the need to cut the discount rate, depressed *sentiment* later and the index fell to a day's low of 20,831.08 in the early afternoon on profit-taking. It subsequently *rose to a high for the day of* 21,029.70 on buying of telecommunications-related stocks.

Volume expanded to 350m shares from 203m. Rises outscored falls by 547 to 408, with 203 issues unchanged. The Topix index of all first section *stocks finished 15.46 up at a* 1993 peak of 1,693.09. In London the ISE/Nikkei 50 index eased 0.66 to 1,295.91.

Some traders expect profit*taking to cap a further rise in* the Nikkei index, while others suggest that a further advance could *prompt buying by inves*tors who currently hold short positions. Mr Alan Livsey at Kleinwort Benson said: "If the index keeps edging up like *this, it could trigger short*covering."

Banks were bought on hopes *of a rate cut, Bank of Tokyo* climbing Y70 to Y1,810 and Sakura Bank Y50 to Y1,660.

Housing shares were higher *on hopes of tax benefits for* house buyers. Sekisui House rose Y30 to Y1,470 and Misawa Homes Y30 to Y1,370. Real estate issues were also firm, *Mitsui* Fudosan adding Y10 at Y1,340.

Telecommunications-related *issues fuelled a late rally in the* Nikkei as Fujitsu appreciated Y9 to Y848 and NEC put on Y10 at Y1,020. Nippon Telegraph and Telephone rose Y5,000 to Y960,000.

Victor, the audio manufacturer, lost Y30 to Y1,020 on *reports that it might post* a pre-tax loss in excess of Y20bn for the current year to next March. Namco, down Y20 at Y3,500, was sold on reports *that it would bail out Nikkatsu* (up Y13 at Y35), the insolvent movie maker which will be *delisted on October 2.*

In Osaka, the OSE average closed 107.72 firmer at 22,881.47 in volume of 37.9m shares.

Roundup

ACTIVITY IN the region was mixed, with Kuala Lumpur, India and Pakistan closed for holidays.

HONG KONG regained some *of last week's losses, the Hang* Seng index rising 126.75, or 1.7 per cent, to 7,549.73. Turnover came to HK$3.8bn.

Activity was a little subdued ahead of interim results from HSBC Holdings, which came out after the close. In London the bank's *half-year profits* were adjudged to be much in line with expectations.

Hutchison moved ahead 70 cents to HK$23.40 on suggestions that it might sell its British Telecom interests.

SINGAPORE broke through *the 2,000 level on late buying of* Sembawang Shipyard. The Straits Times Industrial index closed 13.56 higher at 2,008.66, *rebounding from an intraday* low of 1,977.35. Sembawang added 40 cents at S$12.60.

SEOUL fell back as investors reacted with disappointment to government measures aimed to boost equity investment. The composite index shed 7.24 to *664.88 in 16.7m share volume.*

TAIWAN retreated further on a late wave of selling, the weighted index closing off 31.41 at 3,892.04. Turnover remained thin, at *T$11.4bn against Mon*day's T$9.5bn. The textile and paper sectors saw sharp declines, with Shihlin Paper losing T$1.50 to T$76 and Hualon, the textile manufacturer, falling 40 cents to T$18.10.

JAKARTA set another 1993 peak, the *JKSE* index closing 7.63 higher at 417.30. Banks were stronger, but Astra Inter*national, a star performer* last Thursday, was corrected down by Rp450 to Rp17,000 under continued selling pressure by *foreign shareholders.*

AUSTRALIA added a further 6.2 to the All Ordinaries index, which ended at 1,962.2. But activity was generally described as dull, reflected in modest turnover of A$268.6m.

Among the blue chips, BHP *and News Corp* both eased 6 cents to A$16.16 and A$9.98 respectively. The banking sector was strong as National Australia advanced 18 cents to *A$11.56 and* Commonwealth 16 cents to A$9.60.

NEW ZEALAND was slightly *lower as Telecom receded after* weakness in the US, shedding 4 cents to NZ$3.80. The NZSE-40 capital index slipped 1.31 to 1,982.79.

*Brierley Investments contin*ued to buck the trend, rising a cent to NZ$1.26, with specula*tion that a large asset sale was* planned.

Buba introduces element of doubt

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+0.47	+5.56	+34.66	+26.71	+23.55	+22.45
Belgium	-2.13	-1.36	+25.77	+18.49	+11.98	+10.97
Denmark	-1.86	+6.13	+23.70	+30.60	+20.36	+19.29
Finland	-3.13	+9.04	+177.87	+78.45	+61.24	+59.82
France	+2.36	+5.25	+29.95	+20.40	+15.13	+14.10
Germany	-1.04	+5.49	+25.36	+22.80	+20.42	+19.34
Ireland	-0.48	+5.68	+44.29	+45.09	+26.32	+25.20
Italy	+2.64	+11.62	+83.49	+55.53	+45.06	+43.76
Netherlands	+1.06	+4.25	+29.04	+24.56	+22.08	+21.00
Norway	-0.80	+5.70	+44.71	+32.15	+27.23	+26.09
Spain	+3.69	+12.33	+50.78	+41.75	+20.78	+19.71
Sweden	-2.15	+4.46	+55.53	+26.83	+12.50	+11.49
Switzerland	+0.26	+3.24	+41.15	+20.71	+21.25	+20.17
UK	+1.35	+6.02	+38.29	+10.93	+10.94	+9.94
EUROPE	+0.89	+5.76	+37.35	+19.82	+16.69	+15.65
Australia	+0.96	+5.34	+20.54	+20.42	+17.78	+16.73
Hong Kong	-1.82	+4.46	+30.89	+32.29	+33.35	+32.15
Japan	+0.60	+0.41	+23.36	+26.44	+53.24	+51.87
Malaysia	+2.71	+9.85	+69.95	+44.44	+49.54	+48.21
New Zealand	-1.10	+10.97	+41.57	+33.97	+45.33	+44.04
Singapore	+1.00	+13.23	+50.39	+30.85	+34.90	+33.70
Canada	+0.91	+3.84	+12.13	+14.69	+11.30	+10.31
USA	+0.81	+2.65	+11.64	+5.64	+6.59	+5.64
Mexico	+3.24	+9.71	+37.11	+6.79	+8.06	+7.10
South Africa	-1.23	-5.53	+29.54	+27.01	+32.37	+31.19
WORLD INDEX	+0.73	+2.77	+22.14	+15.84	+22.16	+21.08

† Based on August 27th 1993. Copyright, The Financial Times Limited, Goldman, Sachs & Co, and NatWest Securities Limited.

By William Cochrane

Last week saw almost as striking a succession of new highs in global equity markets as did the week before. However, in con*tinental Europe, the Bundes*bank's decision to leave German key interest rates unchanged brought in an element of doubt.

Although the French and Spanish markets closed at new peaks last Friday, seven of the 13 Continental bourses featured in the FT-Actuaries World Index series produced declines on the week.

Nordic countries seemed to *suffer from the sheer vigour of* an earlier recovery in the financial sector: a drop of nearly 8 per cent in Sweden's banking shares index last Tuesday was followed by one of 11.4 per cent in Finnish banks a day later, although the *Stockholm market* produced a big recovery last Friday.

Belgium, down 2.1 per cent on the week, was one of the *few bourses to show a decline in the month of August,* over which Europe as a whole has been about 6 per cent ahead. Kleinwort Benson says that social policy reform, covering *the method of financing social* security, employment and competitiveness, offers the *Belgian government its great*est political challenge so far.

Meanwhile, Mr David Roche of Morgan Stanley, and his colleague, Mr Richard Davidson, look at the relationship between Germany, France and their respective equity mar*kets. They say that last week's* Bundesbank action confirmed that Germany is more concerned with its own domestic priorities than with preserving *the structure of the ERM.*

"France now has the choice of continuing with the Swedish way of shadowing the D-Mark with high interest rates," they say, "or adopting the British way of cutting rates and stimulating a recess*ionary economy. We believe* that it will adopt the latter course."

They expect the French market, therefore, to outperform *Germany in the short term.*

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY AUGUST 30 1993								FRIDAY AUGUST 27 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	147.50	+1.0	146.67	96.93	128.36	146.30	+0.4	3.43	146.05	144.31	95.97	126.54	145.71	147.50	117.39	129.64
Austria (17)	172.33	+0.4	171.36	113.25	149.96	149.77	+0.7	1.29	171.62	169.57	112.77	148.69	148.74	172.33	131.16	152.80
Belgium (42)	145.98	-1.3	145.16	95.92	127.03	128.50	-0.7	4.46	147.85	146.09	97.15	128.10	129.44	156.76	131.19	143.29
Canada (108)	127.98	+0.3	127.26	84.10	111.36	122.47	+0.3	2.77	127.56	126.04	83.81	110.51	122.11	130.38	111.41	126.11
Denmark (33)	220.58	-0.6	219.34	144.96	191.95	207.01	-0.2	1.09	222.02	219.37	145.89	192.36	207.45	227.15	185.11	225.53
Finland (23)	109.58	-1.5	108.96	72.01	95.36	135.32	-0.8	0.90	111.25	109.92	73.10	96.39	136.35	118.56	65.50	80.89
France (97)	168.70	+0.5	167.76	110.86	146.79	154.89	+0.9	2.98	167.93	165.93	110.34	145.48	153.57	168.70	142.72	157.87
Germany (60)	124.58	+0.3	123.88	81.88	108.41	108.41	+0.8	1.94	124.16	122.68	81.59	107.57	107.57	124.94	101.59	118.82
Hong Kong (55)	292.88	+0.0	291.23	192.46	254.87	291.32	+0.0	3.39	292.80	289.31	192.39	253.70	291.32	301.61	218.82	231.13
Ireland (15)	169.86	-0.1	168.90	111.62	147.81	171.87	+0.5	3.25	169.99	167.96	111.70	147.28	171.03	171.98	129.28	159.49
Italy (70)	78.93	+0.1	78.49	51.87	68.68	94.36	+0.5	1.73	78.88	77.94	51.83	68.34	93.91	78.93	53.78	63.71
Japan (470)	160.19	+0.4	159.29	105.27	139.42	105.27	+0.4	0.79	159.51	157.61	104.81	138.22	104.81	165.91	100.75	112.63
Malaysia (69)	387.74	+0.1	385.56	254.79	337.41	380.43	+0.0	1.80	387.51	382.89	254.62	335.74	380.43	387.74	251.66	234.25
Mexico (19)	1762.72	-0.1	1752.80	1158.37	1533.93	5997.88	-0.1	0.82	1764.86	1743.79	1159.66	1529.09	6003.01	1764.86	1410.30	1306.86
Netherland (24)	184.04	+0.5	183.00	120.94	160.15	158.00	+0.9	3.42	183.19	181.00	120.37	158.72	156.56	184.04	150.39	167.03
New Zealand (13)	61.18	-1.0	60.83	40.21	53.24	58.81	-0.9	3.79	61.78	61.04	40.60	53.53	59.36	62.96	40.56	42.68
Norway (22)	173.65	+0.0	172.67	114.11	151.11	171.55	+0.4	1.54	173.64	171.57	114.10	150.45	170.87	177.31	137.71	151.31
Singapore (38)	284.30	-0.3	282.70	186.83	247.40	210.28	-0.4	1.84	285.27	281.86	187.45	247.15	211.06	285.77	207.04	195.44
South Africa (60)	190.44	-2.0	189.37	125.14	165.72	198.88	-0.4	2.60	194.29	191.97	127.66	168.33	199.59	215.29	144.72	188.08
Spain (43)	140.27	+0.5	139.48	92.18	122.06	143.88	+0.3	3.96	139.59	137.92	91.72	120.94	143.45	140.27	115.23	137.15
Sweden (36)	186.54	+1.1	185.49	122.59	162.33	223.85	+1.8	1.51	184.59	182.39	121.29	159.93	219.84	196.23	149.70	183.55
Switzerland (50)	135.86	+0.0	135.09	89.28	118.24	124.11	+0.1	1.75	135.80	134.18	89.24	117.67	123.93	135.96	108.91	114.31
United Kingdom (218)	188.29	-0.6	187.24	123.73	163.84	187.23	+0.0	3.74	189.50	187.24	124.50	164.17	187.23	189.50	162.00	181.65
USA (520)	188.72	+0.3	187.65	124.02	164.23	188.72	+0.3	2.71	188.14	185.90	123.69	163.02	188.14	188.72	175.38	168.63
Europe (750)	157.13	-0.1	156.24	103.26	136.74	150.15	+0.4	2.98	157.30	155.42	103.36	136.29	149.80	157.30	133.92	147.09
Nordic (114)	176.08	+0.3	175.08	115.71	153.22	185.38	+0.9	1.34	175.58	173.48	115.37	152.13	183.64	183.23	142.13	167.55
Pacific Basin (714)	164.05	+0.4	163.12	107.81	142.76	112.51	+0.4	1.05	163.38	161.43	107.36	141.56	112.07	168.80	105.89	116.70
Euro-Pacific (1464)	161.09	+0.2	160.18	105.85	140.17	127.71	+0.4	1.82	160.77	158.85	105.63	139.28	127.23	162.72	117.26	128.99
North America (628)	184.94	+0.3	183.90	121.55	160.96	184.20	+0.3	2.72	184.37	182.17	121.16	159.77	183.64	184.94	171.51	165.97
Europe Ex. UK (532)	137.39	+0.2	136.62	90.30	119.58	128.55	+0.6	2.47	137.06	135.42	90.08	118.77	127.77	137.39	112.51	126.04
Pacific Ex. Japan (244)	202.44	+0.3	201.30	133.05	176.19	187.33	+0.1	3.00	201.90	199.49	132.69	174.95	187.22	202.66	152.70	156.58
World Ex. US (1651)	161.26	+0.2	160.36	105.98	140.34	129.81	+0.4	1.84	160.99	159.07	105.79	139.49	129.34	162.78	118.51	130.21
World Ex. UK (1953)	167.56	+0.3	166.62	110.12	145.83	144.24	+0.4	2.00	167.04	165.05	109.77	144.74	143.70	167.77	134.22	138.45
World Ex. So. Af. (2111)	169.38	+0.2	168.43	111.32	147.41	147.65	+0.3	2.16	168.98	166.96	111.04	146.42	147.13	169.60	137.29	141.96
World Ex. Japan (1701)	176.36	+0.1	175.37	115.91	153.49	172.31	+0.3	2.80	176.14	174.04	115.75	152.63	171.80	176.36	157.47	159.18
The World Index (2171)	169.40	+0.2	168.44	111.32	147.42	148.10	+0.3	2.17	169.03	167.01	111.07	146.46	147.60	169.68	137.32	142.19

Latest prices were unavailable for this edition.